

AUGUST ★ 1954

NATIONAL  
REAL ESTATE  
and BUILDING  
JOURNAL



Will "Nothing Down" Financing  
Cause Overbuilding? — Page 20



*Cycla-matic Model CTI-103. Total Capacity—10.3 cubic feet*

# The new Cycla-matic Frigidaire with brilliant new color styling



*Cycla-matic Model CTD-84.  
Total Capacity—8.4 cubic feet*

*Super Model STD-91.  
Total Capacity—9.1 cubic feet*

Frigidaire brings you extra sales-magic with new color styled appliances. You can choose Frigidaire Refrigerators in Stratford Yellow, Sherwood Green, or snowy white... and Frigidaire Electric Ranges in color to match.

Inside, these new refrigerators have glamorous harmonizing colors, plus all these new Self-Service features that homemakers love: Separate Zero-Zone Food Freezer... Frozen Juice Can Holder... Quickube Ice Trays... full-width Roll-to-You Shelves... full-use Pantry-Door... Butter and Cheese compartments... Egg Server... and Cycla-matic Defrosting! You have your choice of right or left opening doors at no extra cost. Available in Lifetime Porcelain or Dulux exterior.

17 models in all sizes and prices. Call your Frigidaire Dealer, Distributor or Factory Branch. Or write Frigidaire, Dayton 1, Ohio. In Canada, Toronto 13, Ontario.



## Frigidaire Appliances

**Built and backed by**  
**General Motors**



National magazine advertisements like this one are carrying the Briggs Beautyware story to millions of American readers. Besides selling Briggs fixtures in beautiful color, these eye-catching ads are urging potential customers everywhere to demand the convenience of two Briggs bathrooms!

## Steer new home prospects your way...with two Briggs Beautyware bathrooms!

More often than not, it's the *extras* that make the sale. One important feature that will help sell *your* homes faster is an extra bathroom of Briggs Beautyware. Home buyers know the second bathroom offers a world of convenience no other home improvement can match. They'll be delighted when you tell them how little this modern luxury adds to their monthly mortgage payments.

And, be sure the people who buy your homes are *completely* satisfied. For *both* bathrooms, specify hand-

some, colorful Briggs Beautyware! You already know of the high quality of every trouble-free Briggs fixture. It doesn't take users long to find how dependable this popular plumbing ware is. Year after year, Briggs Beautyware *keeps* its fresh, new look—because *all* Briggs Beautyware is acid-resistant with non-fading decorator colors!

Increase profits—boost your reputation—sell your homes faster. Always put *two* Briggs Beautyware bathrooms into your specifications!

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# NATIONAL REAL ESTATE and BUILDING JOURNAL

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Cover Photo by Max Tatch

## THE JOURNAL REPORTS



### Real Estate Market Summary

Construction is at record levels; building materials prices show little change; construction costs are stable or declining as competition increases; sales of old and new houses are still numerous at the same or lower prices — these are the high points of the market report of the Federal Reserve Board. Only sour note — rent advances are slowing down and in some regions vacancies are on the increase.

### Sacramento Law Suit May Affect Housing Industry

A law suit filed against the Sacramento Real Estate Board and several home builders in Sacramento may well have a far-reaching effect on the entire housing industry.

Brought by the National Association for the Advancement of Colored People through two Sacramento negroes, the suit charges that there has been dis-

crimination against certain races and nationalities in government-insured housing.

The negro element in Sacramento comprises less than 5 per cent of the population but the city was chosen, certain sources believe, because it is the home town of Chief Justice Earl Warren of the U. S. Supreme Court, who is a liberal. The NAACP feels the city might provide a more sympathetic atmosphere than some other sections.

What proof either side can show is a moot question. In order to get evidence, there have been reports that a number of negroes, pretending to be in the market for homes, have visited housing projects to get sales reactions.

The first outcome of this case, probably won't be known for many months. Even then, it probably will be appealed by either side to higher courts until finally it reaches the U. S. Supreme Court. It is possible

DOW LATEX . . . Bringing a new concept of perfection in paints . . .



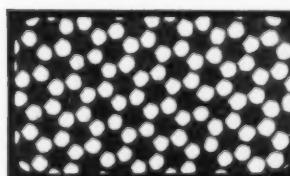
## Only LATEX PAINTS protect walls with this tough, continuous protective film

That's why they're unusually cleanable  
and durable . . . give uniform finish  
to many types of surfaces

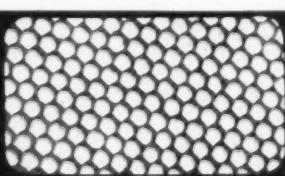
Latex paints are different! Based on a new concept of paint chemistry, they offer you a combination of advantages no other paints can match. They dry to a tough, impermeable film that's highly resistant to acids, alkali and greases. That's one reason why latex paints are the smart choice in building maintenance—their smooth film surface enables them to be easily cleaned with soap and water and gives them unusual durability!

But those aren't the only advantages of latex paints. Because they apply easily, dry quickly, and can be cleaned out of equipment with ordinary water, maintenance workers can do more jobs per day. And latex paints' quick drying time and lack of objectionable odor means building occupants can use the painted room right away.

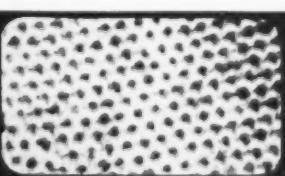
Leading paint manufacturers make latex paints in a wide range of colors to match or complement every conceivable color scheme . . . in soft pastels, modern deep tones and bright, warm hues. For further information on these wonderful new paints, write to Dow, Plastic Sales, Department PL 514P, THE DOW CHEMICAL COMPANY, Midland, Michigan.



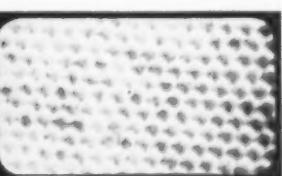
This Dow microphoto shows how latex looks as a paint raw material. Microscopic balls of latex are suspended in water.



As the latex spreads out in a layer and the water evaporates, the little balls start to move closer and closer together.



As the latex dries further, the tiny balls crowd closer until they all touch . . . a film of latex is now beginning to form.



Now tremendous forces of cohesion take part. The tiny latex balls are fused together into a tough continuous, elastic film.

*you can depend on DOW PLASTICS*



that a decision favorable to the NAACP could force builders and realtors to prove nondiscrimination in their projects before becoming eligible for government-insured loans.

### Real Estate Trends from West and Southwest

Here are some observations made by a Journal editor on a recent extended trip through the southwest and far-west — Many realtors report sales well ahead of last year. Generally, the flow of mortgage money is good, but a larger percentage of people are not qualifying for loans. One realtor says that about 3% to 5% of his buyers wouldn't qualify in 1953, while now almost 25% aren't qualifying. One builder who thought he had 600 homes sold, had 200

come back on him, so he turned to a realtor for help — someone who could qualify prospects properly.

Competition is keen. There are many four-bedroom, two-bath homes selling under \$13,000. Two baths are a "must" and air conditioning is really taking hold. The fourth bedroom is often off the living room so it can be used as a TV or family room. Two-bedroom homes are almost extinct in new construction and they're hard to resell.

New house prices are holding firm, but the builder has to include much more — landscaping, fences, patios and such. Old home prices are off about 10%.

Vacancies are cropping up in apartments. Apartment owners have a lot to compete with from new homes.

There's a feeling among some of the experienced realtor-builders that they may be over-building.

The words most often repeated by realtors are: "We have to work harder." Some are guaranteeing the sale of listings, some are putting more emphasis on sales training. All agree that business is okay if only the salesmen will get to work.

### Hoosiers Rebel Against Federal Housing Handouts

Reports from Indiana indicate growing resistance to government grants, particularly in the fields served by Albert M. Cole's Housing and Home Finance Agency.

William H. Book, executive vice-president of the Indianapolis Chamber of Commerce is one of the rebel leaders. He thinks the high cost of federal government is due to various aid programs and believes a community can begin whittling down federal budgets by opposing handouts in their own localities.

Thus far the rebels have succeeded in refusing a \$2.5 million HHFA grant to Indianapolis for slum clearance. Instead, the city is paying for its own program with taxes on real and personal property.

In Lawrence, a small town northeast of Indianapolis, the rebels are fighting against a \$124,800 government gift and a \$56,000 loan to expand the town's water system.

William J. McGhee, a spokesman for the Lawrence anti-grant group testifying recently before a congressional committee in Washington, said Cole's agency was abusing its authority in making the Lawrence grant.

"Perhaps this revolt represents the unspoken feelings of many people throughout the nation . . ." says an article in the Wall Street Journal, ". . . and whatever the merits of the argument, there is no doubt that the anti-aiders are actively practicing an economy-begins-at-home philosophy — and show no signs of surrender."

### FHA Tightens Rules

To "prevent the exploitation of home buyers," the Federal Housing Administration tightened its rules covering cooperative housing programs.

Acting Commissioner Norman Mason said the new ruling provides for payment of the actual construction costs, "plus a fixed fee in a reasonable amount not to exceed 10 per cent."

Contractors who are building FHA cooperative housing must keep and maintain records of all costs and make them available for examination upon request of the FHA.



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Beautiful . . . Useful  
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Lasts a lifetime! Covers of durable TEXON — plastic strap cannot tear. Contains 10 heavy Kraft envelopes with useful record forms printed on outside. Approximate size when closed is 5 1/4" x 11".

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Single charts of any of the 226 principal cities in the following 36 states may now be purchased:

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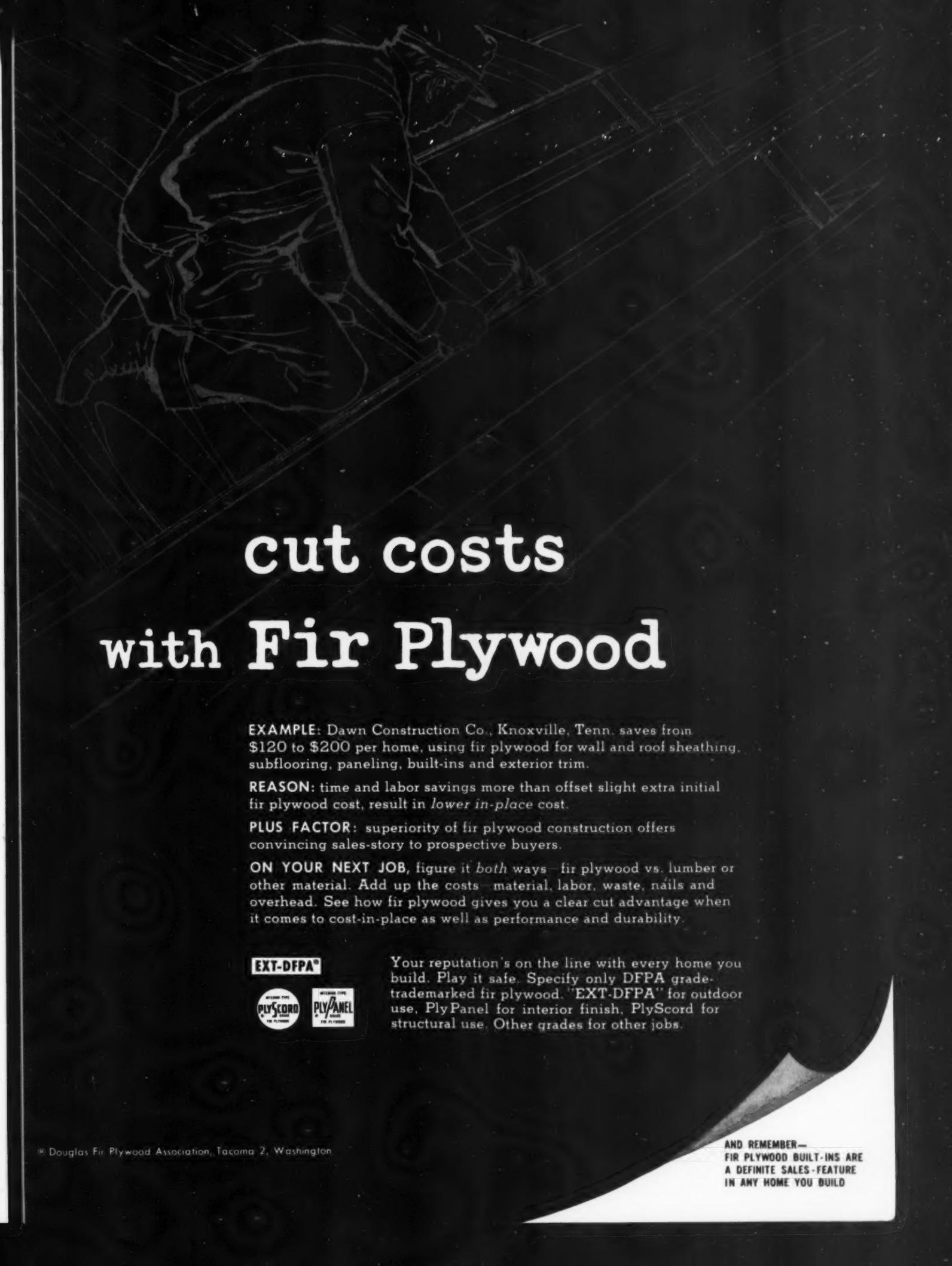
**Maryland**  
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**New Hampshire**  
**New Jersey**  
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**North Carolina**  
**North Dakota**

**Ohio**  
**Oklahoma**  
**Pennsylvania**  
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Miniature copies of all maps available!  
Size — 13 1/2" x 19 1/2"

Write today and ask to receive, on three-day approval basis, copies of the maps of the cities in which you operate.

**Nirenstein's National Realty Map Company**  
377 Dwight St.  
Springfield 3, Mass.



# cut costs with Fir Plywood

**EXAMPLE:** Dawn Construction Co., Knoxville, Tenn. saves from \$120 to \$200 per home, using fir plywood for wall and roof sheathing, subflooring, paneling, built-ins and exterior trim.

**REASON:** time and labor savings more than offset slight extra initial fir plywood cost, result in *lower in-place cost*.

**PLUS FACTOR:** superiority of fir plywood construction offers convincing sales-story to prospective buyers.

**ON YOUR NEXT JOB,** figure it *both ways*—fir plywood vs. lumber or other material. Add up the costs—material, labor, waste, nails and overhead. See how fir plywood gives you a clear cut advantage when it comes to cost-in-place as well as performance and durability.

**EXT-DFPA®**



Your reputation's on the line with every home you build. Play it safe. Specify only DFPA grade, trademarked fir plywood. "EXT-DFPA" for outdoor use, PlyPanel for interior finish, PlyScord for structural use. Other grades for other jobs.



# "Does the G-E Kitchen really We sold 30



**This is Mrs. Peggy Rathe**, recent purchaser of a Carol Estates home, in the kitchen that *really* sold the house to her. She is delighted with the gleaming G-E appliances that lighten her work every day. She is *completely* sold on her

wonderful G-E Kitchen, which includes: a big G-E Range, the timesaving Dishwasher, Refrigerator, handy G-E Disposall,\* and spacious Cabinets. For Mrs. Rathe, it's a marvelous kitchen at an *amazingly low* price!

## Regardless of price range, your houses can have a G-E Kitchen-Laundry

(See your G-E distributor for answers to your builder problems)



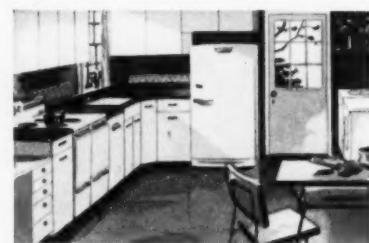
### IN YOUR \$9,995 HOUSES

Include G-E Refrigerator, G-E Range, G-E Automatic Washer, G-E Disposall, and G-E Cabinets. They add as little as \$3.26 monthly to the mortgage payments.



### IN YOUR \$12,500 HOUSES

Include G-E Refrigerator, G-E Range, G-E Dishwasher, G-E Disposall, G-E Automatic Washer, G-E Cabinets. They add as little as \$5.91 monthly to mortgage payments.



### IN YOUR \$16,000 HOUSES

Include G-E Refrigerator, G-E Range, G-E Dishwasher, G-E Disposall, G-E Automatic Washer, G-E Dryer, G-E Cabinets. They add as little as \$6.31 to mortgage payments.

# help sell houses faster? We know so! **houses in 10 days!"**

**Mr. Frank Manfredi**, president of Manfredi Bros., Inc. says: "We were flabbergasted—and delighted—at the swarms of people that went through our model house on opening day.

Furthermore, we found that we spent most of our time in the G-E Kitchen, where most people congregated, and asked questions. Folks are certainly sold on G.E. . . . and they were amazed to learn they could own this complete kitchen for less than 5 dollars extra a month on regular mortgage payments.

The G-E Kitchen certainly *does* help sell houses

faster. This was our first experience with G.E. . . . and from now on we'll be depending on G-E Kitchens for the kind of terrific house sales we've had here."

G.E. can be a solid sales-maker for you, too. Your G-E distributor-builder specialist will work with you with promotional and merchandising plans for *your* home openings, as he has with so many alert builders. He can help you sell your houses *faster in today's tough competitive market.*

See your G-E distributor, or write: Home Bureau, General Electric Company, Louisville 1, Kentucky.

## **Carol Estates, in Teaneck, N. J.**



HOME BUREAU

**GENERAL**  **ELECTRIC**

# Open Forum For Your Legal Problems

GEORGE F. ANDERSON, *Moderator*

Dear Mr. Anderson:

There seems to be some controversy among the brokers here regarding the legality of a certain phrase that has become common usage among several of us here in the real estate business.

We have been using the phrase, "Cash subject to a maximum FHA Loan" when we fill out the terms on our regular California Deposit Receipts.

The controversy is that nothing is said regarding payments or the approximate amount of the loan. There have been several cases where the loan has actually come back a thousand dollars less than the broker suggested to the buyer that it might be.

Is the buyer, after signing, legally bound to complete the deal regardless of the size of the loan? Also, where does it place the broker when he suggests that the loan might be \$11,000 and it comes back \$10,000.

We would appreciate your opinion on this matter.

Dean A. Gay  
Bakersfield, Calif.

*I think this receipt is void as a contract by reason of its uncertainty. "Cash subject to a maximum FHA loan," does not make sense to me. The only out would be if it could be shown that both the seller and the buyer attached a certain meaning to the phrase.*

*Why use a receipt that is so doubtful, when the intention can be expressed clearly in a few words?*

Dear Mr. Anderson:

After contacting a firm that owned a vacant lot, I submitted this lot to an ice concern in St. Louis that was establishing automatic ice machines in a number of neighborhood lots. This lot and location was approved by the ice concern in writing.

I went to the owners of the lot and reported the ice concern would pay \$50 a month rent for the use of the lot, and was told by this firm that they do not rent property.

After a lapse of three months, the ice company bought the lot from this firm.

I feel I was the motivating factor in this deal and would like to know if I am entitled to a commission. May I have your opinion?

Sale Newburger  
St. Louis, Missouri

*If the owner of a property lists it for lease with a broker and subsequently sells it to a prospect submitted by the broker, the prospect refusing to enter into a lease, I don't think the broker is entitled to a commission. Our correspondent doesn't state whether the owner said anything about selling the lot or only spoke of leasing it. If he said anything about selling the lot this would probably amount*

*to a listing unless it were in a state that required listing to be in writing.*

DEAR MR. ANDERSON:

Are you sure you are right about divorcees having dower rights in their ex-husband's property? I never heard of such a thing in Florida.

Does that mean that Tommy Manville would have to get all his ex-wives to sign a deed with him in order to release their dower rights and convey a good title?

It has always been our understanding that the very act of divorce, regardless of which spouse gets it, automatically cuts off any dower rights. A divorced woman is no longer a man's wife, and only a wife has dower rights. How about it?

Harry T. Ferris  
Miami, Florida

*I don't remember exactly what I said in this item. I probably said that a party granted a divorce does not lose his or her dower interest in the real estate of the spouse. That is to say, the innocent party does not lose it, but the guilty party does. And, of course, this is not the rule in contested divorce suits where the decree of the court settled all property interests. I doubt that there are any exceptions to this rule, but it is possible that there may be.*

## From Journal Readers

Sirs:

Your article, "Let's Stop This Racket" in the June issue of the National Real Estate and Building Journal really hit the nail on the head. I personally am so impressed by your treatment of the problem, and we as watch dogs of the real estate business know it to be a serious one, that I would like to have your permission to reprint the page and mail it to our Northern California real estate mailing list, (over 2600 real estate brokers, salesmen, builders and business opportunity brokers).

We here are rather proud of the

fact that as Northern California's dominant want ad and display newspaper, we do not knowingly take advertising from firms abusing the collection of advance listing fees. I do not have the exact figure in dollars and cents but I know that we have refused thousands of dollars worth of advertising locally and a great deal from out of state firms who claim to have some catalog advertising scheme. It is not easy for us to check these firms from the standpoint of getting definite proof. However, as you know in your business, if one keeps foremost in

mind the responsibility for the protection of the reader, the reader's confidence will insure a result-getting publication. So, with a dual responsibility and obligation to our readers and our many fine, legitimate real estate brokers, builders, etc., I hope to be able, with every tool at my command, to make it extremely difficult for anyone violating established practices to operate in California.

Rolf W. Beere  
San Francisco Examiner  
San Francisco, Calif.



## Fits any 30" kitchen space!

New Westinghouse Speed-Electric Range increases rental value at a budget price

Replace those worn-out ranges with this popular, low-cost, 30-inch model and you'll win immediate tenant approval.

It's a *big* range, in spite of its spacesaving size—has a huge Miracle Sealed Oven—four, fast-heating Corox® Units, Tel-A-Glance Controls, Single Dial Oven Control, Oven Signalite, Appliance Outlet, Infra-Red Broiling and a giant Storage Drawer.

This quality-built range will last for years, yet costs less than other ranges that

have fewer features. The range body is one-piece welded construction. The all-Titanium cooking platform (Titanium porcelain bonded to Ti-Namel steel) resists chipping and crazing. Heavy Fiberglas insulation is so efficient that this range can be installed flush against adjacent cabinets.

Ask your Westinghouse Distributor for complete specifications and installation data for Model GG, or write direct.



**KING SIZE OVEN CAPACITY**—Miracle seal of Fiberglas around oven doorway allows baking in any rack position.

**21-INCH RANGE**—A popular range for limited-space installation is Model KG shown below. It has four Corox Surface Units, large True-Temp Oven insulated on all six sides, Appliance Outlet, and all-Titanium cooking platform.



**WESTINGHOUSE ELECTRIC CORPORATION**  
Electric Appliance Division • Mansfield, Ohio

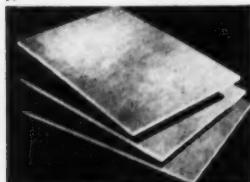
Makers of Refrigerators, Home Freezers, Ranges, Laundromats,  
Clothes Dryers, Dishwashers, Water Heaters, Vent Fans and  
Food Waste Disposers

**YOU CAN BE SURE...IF IT'S Westinghouse**

# Product Progress

## Four Functioned Fiberglas

Incombustible Fiberglas acoustical form board, manufactured by Owens-Corning Fiberglas Corporation of Toledo, Ohio, performs four functions in poured-in-place roof decks.



It provides a permanent form for decks of schools, commercial and industrial buildings, serves as an attractive acoustical and interior ceiling and as thermal insulation. Light in weight, the board is easy to install and will not rot or decay, the manufacturers say. Individual boards are strong enough to support spacing of 32-1/8 inches without intermediate support.

## Horizontal Furnaces

Four new horizontal furnaces have been announced by the Certified Furnace Corporation, Trenton, New Jersey. All models are fired with the certified flanged gun-type oil burner, and are interchangeable for use with



gas. Hanger-posts are provided for suspending these furnaces from the ceiling. The model numbers, corresponding to the outputs, are SU80, SU110, SU160, and SU210. All models have built-in refractory combustion chambers, air filters, and belt-driven sirocco blowers. The units are factory assembled. Color, hemmerloid blue.

## Protective Paint

When applied to floors, walls or machinery, Steelcote "Quick-X," a new enamel-type coating manufactured by Steelcote Manufacturing Company of St. Louis, will dry to the touch in 20 minutes. "Quick-X," can be applied to wood, concrete, terrazzo, magnesite and mosaic tile floors and walls and dries to a

### Handy Inquiry Form

NATIONAL REAL ESTATE AND BUILDING JOURNAL  
427 Sixth Avenue S. E.  
Cedar Rapids, Iowa

I want to know more about the items checked below. Please see that complete information is sent to me without cost or obligation.

8-1      8-2      8-3      8-4      8-5  
8-6      8-7      8-8      8-9      8-10  
8-11      8-12      8-13      8-14      8-15  
8-16      8-17      8-18      8-19

Name \_\_\_\_\_

Title \_\_\_\_\_

Building or Firm \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

wax-like gloss. It is unaffected by cleaning compounds, soaps and detergents and is resistant to grease, oil, alkali and salt water. Made in black, white, clear and five colors, it can be applied with brush, applicator or roller in glossy, or "non-slip" formula. This new product is packed in quarts, gallons, and drums and is available through jobbers in all principal cities.

## All Electric Sink

This In-Sink-Erator Dishwasher, manufactured by In-Sink-Erator Manufacturing Company of Racine, Wisconsin, features completely automatic washing, rinsing and drying of dishes, pots, pans, glassware and silverware for a family of six and has the convenience of top opening and loading. Scalding water is delivered directly to the dishwasher from a built-in two-gallon water heater.



Heat resistant vinyl covered racks provide a spot for everything. Easy accessibility for servicing is provided by access door behind which all mechanical elements are immediately located.

## Meet the Bantam

This Bantam sliding door hardware, manufactured by Grant Pulley & Hardware Corporation of Flushing, New York is made expressly for thin panels and is designed for bypassing doors on wardrobes, cabinets and other light panel applications.

Hardboard, masonite, plywood, novoply and solid wood doors of 1/4, 3/8 and 1/2 inch thickness are perfect applications for this hardware. All sets are identified by large, keyed numbers, describing their door thickness. Load capacity is 30 pounds per panel.

**The Automatic "Housekeeper"**

This electronic air cleaner, developed by Trion, Inc. of McKees Rocks, Pennsylvania operates on the principle of magnetic attraction. Particles receive a positive electrical charge as they pass through the cleaner and are collected on metal plates having a negative charge. About once a month, the collected dirt is flushed from the plates to a sewer by a built-in water spray system. To save space, it is suspended from the basement ceiling near the furnace and removes practically all dirt, dust, smoke, soot, pollen virus and bacteria from the air, the manufacturer claims.

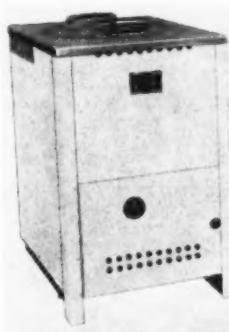
## Extra-Wide and Beveled

A new beveled siding named "EverSide" has been announced by Walton Plywood Company, Inc., of Everett, Washington. It comes pre-cut in widths

from 12 to 24 inches and lengths of 8 feet and 9 feet 4 inches. "EverSide" is exterior fir plywood with 100 per cent waterproof glue edge-marked EXT-DFPA signifying that it meets rigid industry-wide standards of performance and quality. One face is overlaid with a phenolic resin-fiber that provides an ideal base for a paint cover — affording maximum protection against checking, grain raise, blistering and peeling, the manufacturer states. Pieces are packaged in well-identified cartons weighing about 150 pounds each.

### Trade Trash for Comfort

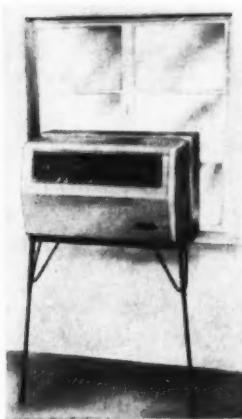
B-8



matically at end of burning time. The burner is rated at 12,000 BTU per hour to provide complete combustion of garbage, even when filled to its full two-bushel capacity.

### It's Kool

B-9



of cutting the steel mullions or defacing the casement steel.

### Brochure Offered

B-10

A new two-color, 20 page brochure dealing with subsoil investigation and its importance to industry has been developed by Soil Testing Services, Incorporated, Chicago. The brochure opens with a discussion of the need for investigation of the soil beneath a building site and the benefits derived from such an investigation. Such tests as unconfined compression, triaxial compression, consolidation, and compaction are described and illustrated. Other topics included in the brochure are: field testing and control; plan-

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says A. Clinton Brooks of Needham, Massachusetts

A. Clinton Brooks, president and treasurer of A. Clinton Brooks & Co., Inc., is an active member of the Boston Real Estate Board. His organization, the main office of which is at Needham, Massachusetts, with branch offices in Wellesley, Dover and Medfield, specializes in residential real estate serving eight communities west of Boston. A complete "Photo Library" of homes is one of the features in each of the A. Clinton Brooks offices.

**T**o absorb each issue of **PERFECT HOME** is to become educated in the art of perfect living. It is truly a post-graduate course in interior decoration, design and architecture, for within its pages lies a wealth of information, painstakingly edited and attractively presented," says Realtor A. Clinton Brooks of Needham, Massachusetts.

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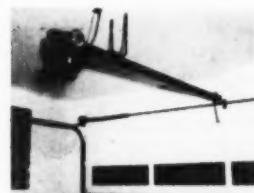
**CEDAR RAPIDS, IOWA**

ning the soil investigation; and research and engineering consultation.

### Open Door Open

8-11

This new garage door operator, manufactured by Door-O-Matic Company of Russia, Ohio fits all overhead doors and has only two mounting points to make installation easy. Automatically raised or lowered from the house, garage or the car, the Door-O-Matic automatically shuts off whenever an object is under the door. Other features in-



clude all welded-steel construction, silent V-belt drive to motor, adjustable friction clutch, positive roller chain to door, bearings that require no oiling, and an electric light which turns on and off with the opening and closing of the door.

### Fun for the Family

8-12

This portable aluminum screened enclosure, manufactured by Aluminum Enterprises, Inc. of Detroit, Michigan, is now available for home use. Designed for outdoor living, entertaining guests and many other uses, "Summerhouse" is made of heavy gauge aluminum, octagon in shape, and has a yellow and green canvas roof. The

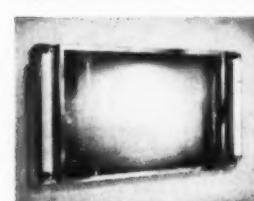


full aluminum screened panels allow for 100 per cent ventilation. No painting or maintenance of any kind is necessary. The "Summerhouse" weighs 120 pounds and has room for two sleeping cots. Completely pre-fabricated, assembly is done through the use of bolts and wing nuts.

### "His and Hers"

8-13

This new double sliding mirror doors fluorescent lighted medicine cabinet is manufactured by The Bennett Manufacturing Company of Alden, New York. The doors slide left and right for greater utilization of bathroom wall areas for storage. The polished edge plate glass mirrors are  $\frac{1}{4}$  inch thick with indented finger pulls and silvering guard at top and bottom. The one-piece cabinets feature rounded corners and white, baked enamel finish. Each side of this double cabinet has a discarded razor blade slot and two adjustable bulb edge glass shelves. Frame is stainless steel and light brackets are chrome plated.



and bottom. The one-piece cabinets feature rounded corners and white, baked enamel finish. Each side of this double cabinet has a discarded razor blade slot and two adjustable bulb edge glass shelves. Frame is stainless steel and light brackets are chrome plated.

### A Pair With a Purpose

8-14

Two booklets for owners of commercial or industrial property are designed to remove the mystery from two often misunderstood but all-important phases of business insurance. "CASH VALUE" explains the relation between insurance and property valuation. "THE REDUCED RATE CLAUSE" de-



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### For Hay Fever Relief

8-15

Manufactured by Fresh 'nd-Aire Company, a division of Cory Corporation, Chicago, this 1954 Fresh 'nd-Aire "Electro-magnetic" push-button automatic air conditioner features a double filtering process —

with a giant exhaust filter and an intake filter as shown — to remove up to 98 per cent of the dirt, pollen, dust, smoke and odors from the air according to top personnel of the company. The exhaust filter cleanses room air before returning it to the room and the intake filter removes air impurities from the outside air before it enters the room. Both filters are of rust-proof aluminum and can be removed for cleaning.

### Prepare for Painting

8-16

A new latex base patching compound for use in preparing surfaces for painting is being manufactured by The Glidden Company of Cleveland. Called Spred Patch, the compound is of the correct consistency for quick, simple filling of cracks, nail holes and other depressions in almost any type of interior and exterior surface, and retains adhesion properties indefinitely. It is self-priming and requires only normal sealing procedures. The manufacturer claims Spred Patch will not shrink or crack and will not bleed or flash through any type of paint film.

### Double Duty

8-17

This new gas combination washer-dryer is a complete automatic laundry in one appliance. Manufactured by Bendix Home Appliances Division of Avco Manufacturing Corporation, Cincinnati, it is operated by two controls and a water temperature selector switch. The Duomatic is 36 inches wide and occupies less than a square yard of space. It can wash and dry an average eight-pound mixed load in about an hour. Following the last spin in the washing cycle the drying period starts automatically. Room air is drawn into the unit, heated, passed through the clothes and exhausted outdoors.

### A Boiler for the Kitchen

8-18

A gas boiler which can be installed in the kitchen work surface line of the modern home is now being built by York-Shipley, Inc. of York, Pennsylvania. It is enclosed in a white cabinet with porcelain enameled top and backsplash and is 36 inches in height and width, and 25 inches deep. One of the features of the unit is that the gas diverter has been

built into the unit so that the boiler unit can be installed flush against the wall, and a connection to the chimney made through the back or either side. The unit has a perforated grille on both sides at the front to permit free passage of air for combustion and has peek slits so that the controls can be checked without removing the cabinet.

#### Roofclad Roof Protection

8-19

One of the newer developments in roof maintenance techniques is the application of flexible glass fibre mat, "sandwiched" between three layers of asphalt emulsion, according to The Tremco Manufacturing Company of Cleveland. The application is particularly recommended for sealing and preserving "alligatorized" or checked coatings. The inorganic glass fibre mat cannot rot, according to the manufacturers, and offers the advantages of flexibility in every direction and exceptional tensile strength. The emulsion can be either brushed or sprayed, and the glass fibre mat lays out smoothly and easily, say the manufacturers.

## Book Shelf

### Dictionary of Business and Industry

HAVE YOU OFTEN WISHED for a dictionary which contained almost every conceivable business, legal or industrial term and trade name? Such a book is now available. "The Dictionary of Business and Industry," edited by Robert J. Schwartz, practicing attorney, clearly defines 45,000 business and legal terms.

Idea for the dictionary came out of the editor's search for a business dictionary to fit the needs of a client who wished to distribute it to 400 branch offices to standardize business terminology. A thorough search revealed no such dictionary. The editor then set out to compile one. He contacted a thousand trade associations and hundreds of leading businessmen. The result is a book useful not only to the realtor, builder and property manager, but to nearly any type of businessman. The book has just been published by B. C. Forbes & Sons Publishing Co., Inc. Price: \$7.95 and \$8.95.

### Principles of Real Estate — Third Edition

NOW available is the third edition of a well-known textbook in the real estate and home building industry — "Principles of Real Estate," by Arthur Weimer and Homer Hoyt. Weimer is dean and professor of real estate, School of Business, Indiana University, and Hoyt is president of Homer Hoyt Associates, consulting land economists.

This book is intended primarily as a text, however it is a valuable addition to any real estate executive's library as a reference for his officers and a primer for his salesmen. It contains up-to-date discussions on general real estate, production of real estate resources, marketing, financing, valuation, economic and governmental factors, location factors, real estate markets, and a summary of recent changes and trends.

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## **Don't Blame the Salesman . . .**

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NATIONAL REAL ESTATE AND BUILDING JOURNAL — *August, 1954*

WE LIKE the story about the young divinity student who, after being assigned his first parish, went into a department store to select a hat suitable to his new position. No sales help being in sight, he looked over the display of hats and finally selected a black felt. As he was about to try it on, a smart-aleck clerk approached him and said, "You don't want that. You'll look like a damn preacher."

This story has a moral as well as humor. Certainly the clerk showed a complete lack of tact. But we'd rather aim our fire at his boss . . . the fellow responsible for the clerk's training.

This sort of mistake isn't necessarily fatal when you're dealing in hats. After all, people buy hats frequently and the purchase price is comparatively nominal. But it can be fatal in real estate where prospects invest heavily but infrequently. So it is astounding to us that many real estate companies give little thought to the selection and training of sales people.

On an extended trip just completed through the western states we found realtors and builders optimistic about the real estate picture. But they were agreed that they had to work harder to make those sales. And one of their chief concerns was how to keep salesmen producing.

In few other businesses are sales people turned out with less sales training than in real estate. Many offices seem to think that handing a sales applicant a listing book and letting him tag along after a veteran salesman for a couple of weeks is training enough. One real estate executive explained, "Yes, we have quite a turnover of salesmen, but we feel that a man isn't worth his salt if he doesn't start producing after a week with one of our older men."

That sort of "training" is about as fair as calling three strikes on a ballplayer before he steps up to the plate.

Any man who is representing a real estate company, who is making on-the-spot decisions, who is interpreting his company's service and reputation to the public, who is counseling on something as important as the purchase of real estate, certainly deserves careful selection and training.

Fortunately, some real estate companies take great care in this respect. Applicants for sales position are selected only after thorough interviews by at least two different members of the firm, complete investigation of the applicant's background, and a test which helps judge the person's sales ability. Then the new salesman is given from one to four week's training in the office to acquaint him with real estate procedure and his company's methods after which he is given supervised schooling in the field.

Many of these same companies hold one- or two-hour classes each week for all sales personnel. These are not sales meetings. Rather, they are training courses in every phase of real estate — appraising, financing, taxation, construction, management. Sales people learn how to prepare themselves with all background data on listed properties and they are schooled in techniques, from finding prospects to closing sales. They also have at their disposal a complete library of books and periodicals on real estate.

More of this type of training is needed. Regardless of the size of a company, each man should be thoroughly prepared and schooled before he is permitted to represent his organization. Otherwise, he can do irreparable harm. The establishment of real estate courses in some of our colleges is a step in the right direction, but in the last analysis it is the real estate executive himself who must shoulder the responsibility for selecting and training his sales people. Their success or failure can be laid principally to him.

*John Lawrence*

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# Financing Cause Overbuilding?

Here's a question on which conservatism and liberalism take definite stands, as shown by a 13-city check by JOURNAL editors. The thread of agreement running through this crazy-quilt of opinions is that "nothing down" financing isn't the sales stimulant it's cracked up to be, that buyer credit requirements are pretty stiff. Here are several different points of view.

By ROGER C. LAKEY  
*Managing Editor*

**N**OTHING DOWN!" That's the attention-getter in builder ads in city after city in recent weeks. For the first time since 1950, "nothing down" houses are sweeping the country. What will the effect be? Does it make home buying easier for veterans? Will it cause overbuilding? What will be the long range impact on the real estate market?

These are questions real estate and building executives are asking as they watch the effects of the return to easy money. To find the answers, JOURNAL editors took a 13-city check to sample the opinions of leading realtors, builders and mortgage bankers.

Viewpoints differ widely; there is little common ground of agreement.

For example, Mortgage Banker William A. Marcus, American Trust Company, San Francisco, says, "The 'nothing down' house will result in *some* overbuilding because veterans can be tempted to buy houses when the required monthly payment is less than rental charge. And veterans who normally would wait until they could accumulate a modest downpayment will be induced to buy sooner than planned. This will cause builders to draw potential customers of 1955 into the 1954 market to the possible injury of next year's volume of homes that would be built for the veteran market."

Realty executives in some communities would not agree, for there the "nothing down" idea is not — from the veteran's viewpoint — what it's cracked up to be. Credit terms are pretty stiff in some areas. It isn't just a matter of a veteran walking in a demonstration house, plunking down his signature on the sales contract and moving in a week from Tuesday.

A check of Milwaukee "nothing down" houses shows that credit requirements aren't easy. Monthly payments run high. Homes selling in the \$13,000 to \$16,000 generally require a take-home pay of from \$80 to \$125 a week and up. Many buyers find their income is high enough but other debts disqualify them.

Similar conditions apparently exist in Phoenix, where Realtor-Builder Ralph Staggs says "probably 50% to 60%" of new homes in his area are selling for nothing down. Staggs believes credit requirements will control any serious overbuilding.

What about other sections of the country? Here's

## Industry Members Answer

**William A. Marcus**, San Francisco mortgage banker — "... may draw 1955 customers into the 1954 market."

**Ralph Staggs**, Phoenix realtor-builder — "... credit requirements will control it."

**Joe Haverstick**, Dayton realtor-builder — "... down-grades housing quality by putting every Tom, Dick and Harry in the business."

**Maurice Read**, Berkeley, California realtor — "... drains financially-unable young people out of apartments who should continue to rent."

**George Miller**, Detroit realtor-builder — "... we're headed for overbuilding now."

**Homer C. Bastian**, Wichita mortgage banker — "... takes at least 5% invested to make a sound housing program."

**Robert Jemison, Jr.**, Birmingham, Alabama realtor-builder — "... there's already a tendency toward overbuilding."

**John R. Worthman**, Fort Wayne realtor-builder — "... not if the program is consistent and buyers are qualified."

**William F. Hendy**, Cincinnati realtor-builder — "... no effect — there's a tremendous need for new homes."

**Franklin R. Burns**, Denver realtor-builder — "... it's sound if financing is long term and payments low."

**Warren Stringer**, Milwaukee mortgage banker — "... credit requirements will eliminate many buyers."

**Arthur Storm**, Teaneck, New Jersey realtor-builder — "... serious overbuilding will not result."

**Charles Freeburgh**, Memphis realtor-builder — "... I approve it in deflationary periods."

the line-up in a dozen other cities in answer to "Will the 'nothing down' house cause serious overbuilding?"

Berkeley, California — Realtor Maurice Read, Mason-McDuffie Company: "May very well do so — if builders get abundant construction financing. Tends to drain out of apartments many young people whose financial ability and lack of job security should better continue to rent." Read says about 75% of new homes in his area are selling for nothing down.

Dayton, Ohio — Realtor-Builder Joe Haverstick: "I'm sure over-building will result causing an unbalanced condition to develop in the economy. No downpayments put every Tom, Dick and Harry in business resulting in down-grading of quality in housing which in turn gives the industry a black eye. I don't like it and wish it could be stopped." He says about 15% to 20% of Dayton new homes are selling for nothing down and believes the percentage is increasing.

Detroit — Realtor-Builder George Miller: "In my opinion, we are headed for overbuilding now. I don't think anything can stop it. The government has made home building a part of their economic planning, depending on this activity to keep our general economy at a high level. I think this is a very dangerous procedure." Miller, who has built 14,000 homes in the past 35 years — mostly all individually designed and built to customer requirements — says he is not a project builder and never will be, and therefore "my opinion may be biased."

Wichita — Mortgage Banker Homer C. Bastian, Fidelity Investment Company: "In my opinion 'nothing down' is not sound. Any investor in a home should have at least 5% invested as I believe this will tend to make a more sound housing program. We have found a few builders who are unscrupulous and have even gone so far as to sell a house to a veteran with the understanding that he would re-sell the property at a profit to the veteran because the veteran was able to get preferred financing." Bastian says about half the new homes in Wichita are selling for nothing down.

Birmingham, Alabama — Realtor Builder Robert Jemison, Jr.: "There is a tendency toward overbuilding now." Jemison estimates about 30% of new homes in his area are selling for nothing down.

This group is less opposed:

Fort Wayne — Realtor-Builder John R. Worthman: "No downpayment will not cause *serious* overbuilding if it is continued *consistently* and care is used in selecting conscientious buyers. However, much depends on the mortgage foreclosure laws of each state as to the time limit or redemption. Presently 5% in some states would be the equivalent of 10% or 15% in other states." Fifteen percent of Fort Wayne's new homes are selling for nothing down, says Worthman.

Cincinnati — William F. Hendy of the Arcose Company, realtor-builders: "On the surface it might seem that if it were to continue we would overbuild the housing market. But, I think when you consider the tremendous need of new homes in every community across the country that this would have no effect. By this I mean large cities are suffering from an extraordinary blight where as many as 10 to 15 families are living in what was originally a two-family house. As long as lower-price housing with small downpayments is not provided these people will continue to live in these apartments which are unfit from a standpoint of sanitation and environment.

"I can appreciate that at first such families will not know how to take care of a new home. But in the long run, I believe by placing these families on a 5,000 to 6,000 square foot lot and teaching them home ownership and its responsibilities we will gradually raise the standard of living of the lower income brackets. And these people will be helping to pay for government, instead of living off government." Hendy says no houses in his area are selling for nothing down.

Denver — Realtor-Builder Franklin R. Burns: "I do not believe the nothing down house will cause serious overbuilding. It is sound as long as financing is long term with low monthly payments." Burns says 85% of Denver's new homes are selling for nothing down.

Milwaukee — Mortgage Banker Warren Stringer: "Serious over-building will not result. The same houses which sell upon occasion with *no* downpayment also sell to other veterans for 5% to 10% and 20% down as well as to civilians with approximately 30% down." Stringer says less than 10% of homes in his area are selling for nothing down.

## **Is Small-Equity Home Buying Bad for Our Economy?**

Serious disagreement exists here also, and the "ayes" about equal the "nays." The "ayes" say no-equity buyers let property decay, that an economic setback would bring foreclosures, and that wide-spread no-equity buying is inflationary. The "nays" are diametrically opposed, saying such buyers take more pride in their homes, work harder to increase their equities, and "nothing down" buying combats deflation.

**BUYING HOMES** for little or nothing down is pouring thousands of home owners into our economy who have practically no equity in their homes. Is this bad . . . or good? Of the 13 industry members queried by JOURNAL editors, viewpoints seem to depend on how well small-equity buyers qualify as owners. Will they keep their homes in good condition? Will they meet home ownership's responsibilities?

John Worthman doesn't think small-equity buying is bad, and he gives logical reasons. "My experience over 32 years show well selected, low downpayment buyers strive harder to build larger equities

through do-it-yourself improvements, better care, and in earning outside income.

"Furthermore, we're destined to continuous inflation rather than deflation, and if our economy maintains the '5% plan' consistently it will help prevent deflation (if and when a slow-down comes) rather than raise the downpayment in times like the early depression 30's. I'd rather be skeptical of older, poorly located, poorly planned and run-down homes if times get tough. Why should young couples have to delay buying homes when they can own one comparable to and generally less than ones in which they now live? Five percent down means they will have the home half paid for while trying to accumulate 15% down, especially since the average mortgage is paid off in half the life of the mortgage."

That the small-equity mortgage is a handle on the government's economic pump is also borne out by Realtor-BUILDER Charles Freeburgh, Memphis. "Economically, I thoroughly approve low downpayments in deflationary periods. However, in inflationary times there should be some restrictions on buying through higher downpayments. Politically this is practically impossible yet there should be an effort made in this direction."

Freeburgh says about 80% of new homes in Memphis are selling for nothing down.

Arthur Storm looks at it from the veteran's viewpoint. He says most veterans enter service right out of schools or universities then return to civilian life. "Where are they supposed to get downpayments, and when have they had the opportunity to acquire same?" he asks. "I understand VA losses are less than 1/10 of 1% of total loans made. I think that is a great credit to veteran-buyers.

"We mustn't lose sight of when a veteran only has about \$1,000 in cash assets then parts with \$600 of it to close on a home, that's 60% of his total cash. Whereas a civilian who has \$15,000 cash and pays \$6,000 down on a \$20,000 house is only parting with 40% of his total cash. Therefore, veterans guard their investments just as jealously or possibly more so than civilians who may have adequate cash reserves."

Frank Burns agrees somewhat with Worthman on the do-it-yourself improvement or "sweat equity." He says some equity is desirable but not a must. "All the encouragement possible should be given to the so-called sweat equity which is more important in my opinion than cash."

Ralph Staggs says it "isn't too good" for buyers in the mass market to have little or no equity in their homes, "but on the other hand I don't consider it is bad either." He says it "makes more solid citizens due to pride of ownership even though downpayments are small."

William Hendy agrees with Staggs, says he'd like to see some equity but on the other hand wants a modern pool of financing. "At least some equity makes owner more responsible. But if we are to follow the example of the automobile industry, we'll need a modern financing pool, which necessarily means low or no downpayment.

"On the surface it seems our economy wouldn't suffer from such a program on a long range basis, but would be enhanced . . . means there would be more turnover in houses, bringing better homes down the line quicker to persons who couldn't ordinarily have owned such a home."

Let's take a look at the grass on the other side

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## What can home buyers afford to pay?

There is no iron-clad formula to answer this basic real estate question. But, there are rules-of-thumb. Here they are from several leading real estate executives in various sections of the country.

**P**E. DAVIS of Birmingham, Alabama says, "A man should spend about 4½ times his yearly income for a home. However, we use no iron-clad formula as each case is different."

Says Roger W. Salmon of Los Angeles, "I don't think any rule can be stated, but we use 22% of monthly take-home pay as a guide. Other factors affect this and there is a possibility that we might raise or lower our 22% guide factor."

"Today's home buyer should afford a home valued at twice his net annual salary income (after deductions for withholding and social security taxes)," says R. P. Covey of Peoria, Illinois. "This is a thumb-nail rule only. Past employment indicates stability and is an important factor. However, uncertain factors such as future health and the local economic picture are variable. The size of the family unit is really not as important as the soundness of the family circle and their attitudes toward each other and the family unit itself. A close-knit harmonious family unit is the bulwark against unfavorable conditions and is the back-bone of America itself. Adverse economic conditions would only have a temporary set back effect on a determined family."

**F.** S. Tennant of Hutchinson, Kansas, believes that a 4½ to 1 ratio of income to monthly payment will fit the average situation. However, he says, "permanency of employment, future in his particular vocation and size of family should be considered. No iron-clad formula can be developed. I note that some families live better, apparently, and acquire more worldly goods on \$350 per month than other families with twice the income. Thrift habits should be considered."

From Jacksonville, Florida, W. C. Warrington says, "Our old formula was 25% of a person's income should be paid for rent and we still think that's a fair price for shelter. But buyers don't wish to pay over 15% and GIs wish to buy for less than they pay in rent. The VA won't let GIs buy for more than the VA appraisal which keeps many of them from acquiring a home. One veteran remarked to me that he could buy from the owner if the VA would allow him to give a second mortgage to the owner on the same terms as if the VA appraisal were the same as the selling price. This disgusts the veterans. We have gone to all our trouble for nothing and the veteran is out \$27.50 for finding out that the VA considers him an imbecile."

# Which Man to Head Your Management Department?

What kind of man does it take to run your management department and make it show a profit? Actual experience and knowledge in managing income properties is essential, says our author, but above all the man you choose must be the acme of efficiency. Here are abilities to seek.

By A. T. BECKWITH, *Certified Property Manager*

The Keyes Company  
Miami, Florida

**Y**OU MAY THINK property management fees are small potatoes when compared to sales commissions. This may be true on an individual property basis, but if you handle 50 or 100 or more management accounts, and you handle them efficiently, you can create a diversity in the use of manpower such as to leave a profit for your managing agency.

If you decide to set up a management department you may consider handling it yourself. In this case, you should have a background of knowledge and experience in managing income property in order that you can give your clients competent service.

If you have a large organization you'll probably hire another man to run your management department. In this case you should pay a great deal of attention to his experience and fitness for the job. If you just simply employ a man and tell him to go to work, you could say you had a man specifically for handling management. But if he is untrained and inexperienced, you'd be risking your reputation in the management of properties, and he could bungle certain situa-

tions which could be costly to you and to the owner.

The man you choose must have a trained eye, trained ear, trained mouth, and trained mind. He must be able to observe a property's location and attempt from his knowledge and experience to determine its best use. He must be able to recognize the building's structural condition and the need for modernization. For example, a tenant down the street may be doing an exceptionally large business and could use this more spacious building to advantage. Or, a change may be taking place in any neighborhood that would create a new value for this particular occupancy. There could be many prospects who might need a location such as this property has to offer. An owner may be having difficulty with the handling of a certain property himself and would welcome immediately your man's service as property manager.

The man you employ must be trained so that he does not say the wrong things at the wrong time nor divulge confidential information about a deal or a property. He should not talk too much and lose his chance of making a satisfactory lease with a prospective

tenant or arranging to handle the management of another property with a new owner. This man must have a trained mind, ingenious in the handling of many problems. He should make no commitments without proper authorization and know dozens of things not to say.

Organization is the key to this man's success. He uses the telephone and dictaphone as much as possible for he realizes that manpower cost in the management business is a vital factor in determining profit or loss. And he knows he can make 5 or 10 telephone calls and dictate 5 or 10 letters in the same time it takes him to run out and listen to some tenant's complaint. He knows he can interview four persons in the office in the same time it takes to see one tenant at the tenant's place of business. When he has a sizeable amount of vacancies, he is constantly thinking of new means of getting tenants. He knows how to create leases that produce a continued upward income in the properties he manages.

Knowing how to handle slow collections where tenants do not keep their promises is a must. The man you employ should know how to get action from slow tenants who may have leases on their desks but refuse to sign or return them.

One of the best assurances of getting a man with such training and experience is to hire a certified property manager. In order that these men be designated as CPM's it is necessary that they have at least five years experience in the management of real estate, have taken the course prepared by the Institute of Real Estate Management and have successfully passed the examination. Even these men are sometimes limited in their qualifications for they may have specialized in certain types of properties. Nevertheless, they have the knowledge and ex-

\*Adapted from a talk given before the Georgia Association of Real Estate Boards by Mr. Beckwith.

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# Merchandising and Mahomet

YOU'VE heard of Mahomet who went to the mountain when the mountain wouldn't come to him? That's the key to a merchandising idea of Stern & Price, Inc., San Francisco real estate builders. This enterprising company has taken its homes directly to the customers by transplanting its product from a neighborhood suburban site to the roof of Macy's downtown department store.

The house is not a shell — it's full size with three bedrooms, garden, patio, play yard and service area. Already more than 100,000 visitors have seen the home. It is completely furnished right down to the cold beer in the refrigerator.

The \$8,650 home is an exact duplicate of those Stern & Price, Inc. is now building in their vast new 1,700 home development at Cupertino on the San Francisco peninsula. It features vertical redwood siding, sloping gable roofs, exposed beam ceilings, floor to ceiling windows in all rooms, masonry dividing walls between kitchens and living areas and a carport with enclosed storage space.





By EARL B. TECKEMEYER  
Indianapolis, Indiana

"One trouble with all of us is we often get the idea in our heads that the customer won't pay the price. We think we must clinch the deal with some grand burst of generosity. There is no such thing as a customer who won't pay the price if the salesman has sold quality," says the author, "but it takes skill, restraint, thinking and preparation." Here he gives you some tips for getting your price in a really competitive market.

## How To Get Your Price

WOULDNT it be wonderful if someone could tell you how to get your price in one easy lesson? Just do this and that and the other — A, B, C, D — and you're in. Of course, it isn't that easy, but ever since this business of salesmanship started there have been ways to sell quality, to get your price, to reach your goal. Trouble is, in our haste to cut corners, make the quickie deal and be gone, we pay little attention to them. And besides, they require the exercise of skill, restraint, thinking and preparation. The simplified war-time methods might appear to lead to success, but in the end they leave us bereft of both customers, profit and reputation. So, in this changing market let's dwell

on this aspect of selling real estate and see if there isn't something in it we ought to remember.

In discussing how to get *your* price, we mean exactly that — the price which we assume that you, as a broker, salesman or realtor worthy of the name, have chosen as an adequate one for the property to be sold. This isn't necessarily the seller's price or a price that will presumably sell quickly, but *your* price — a fair price, based on the quality of the property, its desirability as a home and its worth, neighborhood-wise, to the new owner. Of course, you must take into account what a new owner may have to spend for repairs — the visible wear-and-tear items arising out of former occu-

pancy or possibly hard use. There is a lot more involved in fixing your price than the usual quick breeze through the property, the pert guess or estimate and the eventual fixing of an "asking" price and a "taking" price. But, that's another subject.

We assume you've fixed your price carefully and are ready to go. Let's sell it at that figure or at least so close to it that everybody involved can deal with a straight face and be happy. How?

No article — no house, no anything — by itself, is good or bad, hot or cold, long or short. All things are relative. And their merits or desirability can best be shown by comparison. This is almost an axiom in selling a prop-

erty at your price, assuming, of course, that the price is arrived at by a method which can stand comparison with competing products (homes) on the market.

The quality assigned by the buyer to the home you are selling will be conditioned by what has gone on before. He is influenced by what he has seen and heard from others about other homes and the picture in his mind comparing your offering to others he has seen or heard about. That is where the quality of your listing judgment comes into the picture.

The quality of the property you are selling may be poor to a buyer who has been buying better quality and it may be excellent to the buyer who has been buying cheaper stuff. Therefore, you must take the quality of your property away from isolation, where it stands alone and by itself, and surround it with other facts, other properties which will serve as a basis for measurement. This properly done, a price, which otherwise might seem prohibitive, dwindles until it seems of little consequence compared to the value offered. This seems obvious, yet it is so often overlooked. Constant haggling over price and terms by-passes the glowing and outstanding items of quality which ought to be stressed and sold first to the utter disregard of price.

One trouble with all of us is we often get the idea in our heads that the customer won't pay the price. Sometimes we even feel that after we have said and done every other thing we can think of, we must wind up clinching the deal with a grand burst of generosity — a promise to induce the seller to cut the price. Here is something you must remember and believe: *There is no such thing as a customer who won't pay the price if the salesman has sold quality!*

If you are just out to sell price, there is no need to do the other things we have mentioned here and in times past. But, if you are selling quality, and doing a job for the man who pays you; if you aren't just an order taker and if you hope to have your buyers learn that you sold them a home, not just housing, a change in tactics is called for. Quality, value, amenities, goodness can be sold just the same as boards, roofing, heating systems and mortgage terms. And with greater rewards both financially and spiritually than you ever expected.

When a buyer raises an objec-

tion to price, it is poor salesmanship to take the objection too seriously. After all, if he wasn't interested he wouldn't argue about it at all. Above all, avoid an argument. You'll always lose that one because he is the referee. It's his money, and for his money, at this point, it's too much. On the other hand, to brush aside the question isn't good salesmanship either. One who engages in trickery to dodge a question or steer the conversation away from it isn't facing up to his job. His approach isn't well planned. He isn't up to the business of selling quality.

It isn't out of place here to mention that, in almost every sale there is far too much conversation on both sides. We recall mentioning the crack which is still apropos: "Sampson slew the Philistines with the jaw bone of an ass and salesmen slay sales every day with the same instrument."

Somehow, we must all get over the idea that we have to talk people into buying. Sometimes it can be done, but such deals are always unsatisfactory and eventually disappointing. They breed distress, unhappiness and a desire to back out of the deal. The home that stays sold is the home the buyer sold to himself after you presented the facts.

One of the great secrets of helping buyers to sell themselves is to ask questions. Give the buyer a chance to expand. After all, he isn't a dummy. He knows something about houses and prices and he especially knows what he considers value. Find out — ask him. Let him tell you. Sure, you know it all, but listen. Let him give you the dope. Agree with him if you can.

I recall a question in a high school Latin examination: "What was the greatest accomplishment of the Roman Empire?" One kid wisely said: "Learning to speak Latin!" Perhaps that's it. In our business sometimes the hardest lesson we have to learn is to just plain shut up for more minutes during the selling process than we are talking.

Let the buyer dream a little. Let his imagination get to work. Let him see himself in that living room, by the fire place on a winter evening with the automatic heating system softly pouring out the warm air — cozy, inexpensive, free from drudgery. Let him see himself playing ping-pong with his son in that activities room in the basement as against that hole

in the ground where he now has to crawl over boxes and trunks stored in inadequate cob-web-riden space to get to his belongings. Words can't do that. But you can point out the things which will apply to anyone looking at the house. Then be still. The facts you have mentioned, the honestly attractive features so evident will have their effect even though not a word is spoken.

Somewhere in classical literature there is the fine old story of a Hindu philosopher and teacher who had a pupil who was one of those "show me" people. He was plumb full of doubts (as some buyers are) and raised many questions, some sensible and some plain silly. The old man answered none of them. He didn't even try. He just sat there in silence. By degrees the pupil's doubts began to fade. Eventually they vanished. The old man's attitude did in a few seconds of wise silence what hours of spell binding, slick sales talk and sledge hammer blows would never have done.

To make a big price seem small, quality is the only answer — "It is worth it!" Not "it is a high price but you can afford it" or "what the heck, what's money these days," or "well, that's the seller's price and he won't budge." Just make a plain, honest, quietly-spoken, quality-ridden statement that "It is worth it!" Then use this, "This price is a relatively small percentage of your income!" Twenty thousand dollars may seem like a lot, but when the total expenditure per year is only 8% or 10% of his annual income, it seems much, much smaller.

There's a way to get around that big figure with the zeros after it. Your buyer may eventually say "Well, I've enjoyed seeing this property and hearing you tell about it, but what's it going to cost?" You have been clever. You've left the dollar tag out of it entirely until the end. It is the least important, so it should be left until then. Quality has been sold, the virtues extolled, values defined and desire stimulated. When the time comes for discussing price, that feature does not loom large as a barrier, but is simply a final consideration to be worked out and planned for. It isn't a huge sum; just a relatively ordinary percentage of income to be worked into the budget, often in the very slot where the monthly rent total used to be written. You can get your price. Try it!

# Real Estate As a Profession

ARE YOU familiar with all the advantages of the real estate business? In hiring and training new men, or in keeping your present sales staff alerted to the opportunities in the real estate business, it is essential to know these advantages thoroughly.

For example, the opportunity for large financial gain is but one advantage. True, large earnings are possible in real estate. Average earnings of good salesmen and brokers compare favorably with that of lawyers and doctors. And, the nature of our business provides the chance for good real estate investments. But, there are a great many other advantages.

Success in our business is up to the individual. There is no limit on how much a salesman can earn. In an active market, a salesman can work long hours, nights and holidays if he wishes. It's entirely up to him.

Think of the opportunity for sales. The total dollar volume of real estate sales is probably the largest in the country. Every new

By **FRANK A. DEBOOS**

*Realtor*

Detroit, Michigan

building is bought by someone. Add to this the large number of existing buildings bought and sold each year and you get an idea of the size of our opportunities.

There are so many types of real estate that a salesman, after acquiring necessary knowledge and experience, can choose the specialty he prefers. True, in smaller communities he is pretty much restricted to home and farm sales, but in larger cities he can specialize. He can deal only in farms, or he can sell vacant land for subdividing or investment. He can sell homes only, new or old, or even specialize in one price range of house. He can handle industrial or business property or apartments, or sales and leases for downtown business property, or he can negotiate chain store leases. He can become an appraiser or a

property manager, or he can devote all his time to managing an office building. Or he may enter the home building field, as many do.

This great latitude permits the salesman to select a specialty for which he is best adapted, after gaining the necessary experience.

Real estate is not static but is subject to constant change. Architecture and trends change. Certain good residential and business areas grow less desirable after a few years. Change in money rates, downpayments and terms decidedly affect the market. Local markets are affected by new transportation and opening of business centers.

Change keeps real estate executives on their toes, as they must recognize these trends and use them to their clients' advantage and to their own.

Many realty transactions are promotional. The salesman or broker initiates them. The good salesman or broker obtains a property for sale. He finds likely prospects and presents the property. Or he may know certain people he thinks should buy this particular type of property — home, factory, industrial site or business investment.

He analyzes the market, finds suitable property, then presents it to his prospects. This is a promotion and develops initiative. He waits neither for the seller nor the buyer, but he goes to them cold turkey. Many large deals have been made this way.

The real estate profession provides the chance for contact with successful men and community leaders. Anyone who owns real estate of any size, or is in the market to purchase same, is in a sense successful. His financial success can often be measured by the size of his property. Such men are usually community leaders, and the salesman has the opportunity to become well acquainted with them. He can further his own attainments by studying how these leaders gained success. Many fine, long-term friendships have been

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One way to spur salesmen on to greater heights is to point out what lies ahead for them, the advantages and opportunities in this business. Here, an experienced real estate executive does that job for you.





**Before** — Built in the 1880's, this house is still structurally sound. But years of neglect was sending it down the alley to Skid Row.

**After** — Stripped of its gingerbread, and completely modernized inside, the home is now a modern duplex renting for \$85 a month per unit.

Best time to rehabilitate a property is before it gets to the slum class. This example by a Los Angeles realtor-builder shows what can be done.



**R**EHABILITATION is a dynamic answer to slum clearance, most realtors and builders agree. But, why limit "rehabbing" to slum properties? Let's catch those old but structurally sound properties before they start down Skid Row.

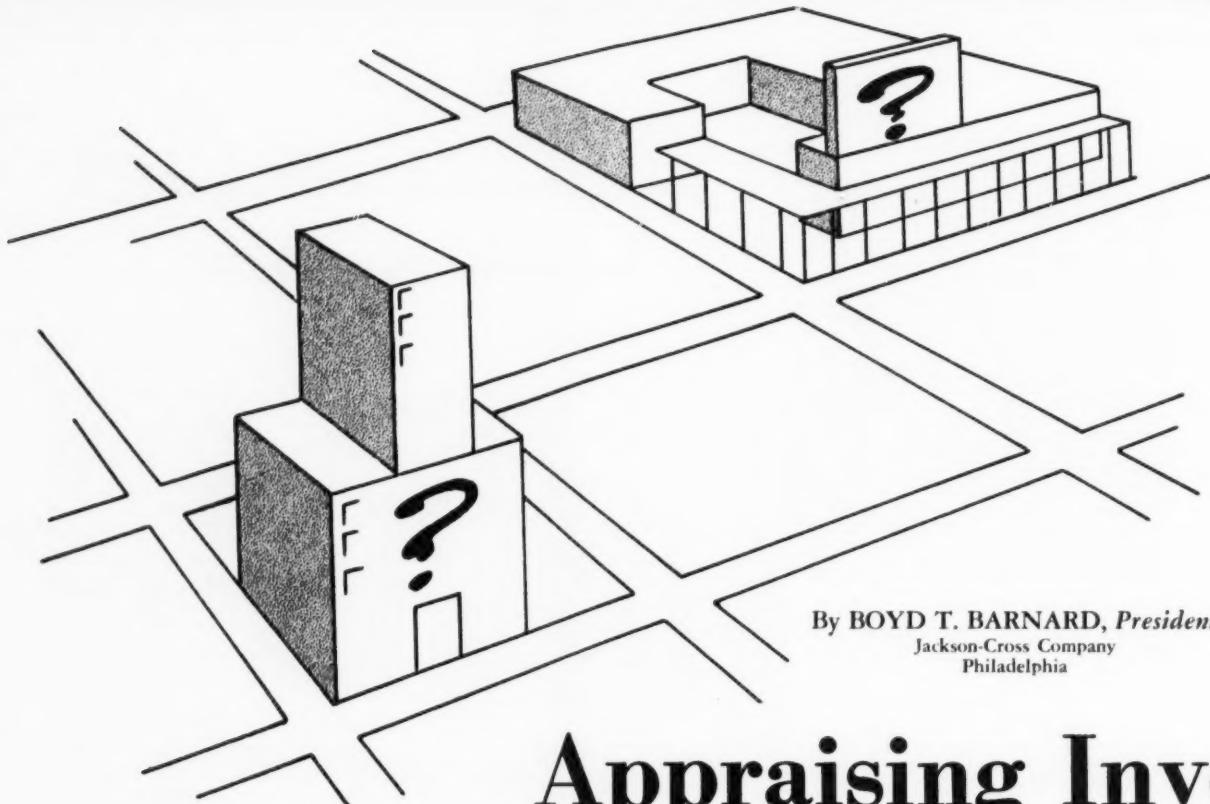
That's just what Pat Burns is doing to this house in the Bunker Hill area of Los Angeles, once an elite residential section. Burns is the son of Fritz B. Burns, well-known Los Angeles realtor-builder who is sparking the realtors' drive to upgrade the nation's substandard properties.

Close examination of the house shows that the walls are plumb, the foundation good, the roof tight. In reconditioning this house, Burns attempted to preserve some of its past charm while at the same time adding modern conveniences. Built in the 1880's,

Burns has converted the home into a duplex, each unit having the newest plumbing fixtures, garbage disposal, ventilating fan, gas refrigerator and range, heating equipment, and lighted kitchen cabinets.

Much "gingerbread" was stripped from the exterior — porch railing, carved fascia board, door transom, curved porch window, and Grecian porch columns. Fancy dormer windows were replaced with louvers. The result is a cleaner looking style of house.

Each unit is expected to rent for about \$85, a sum Burns says is a good return on his investment. Besides this financial return, there are other benefits. In this class of neighborhood, rehabilitation is contagious. Already nearby owners have painted and fixed up their houses. Perhaps you could supply the "rehab" spark in similar areas in your city.



By BOYD T. BARNARD, President  
Jackson-Cross Company  
Philadelphia

## Appraising Investment

In appraising investment property, how many of us try to use a fixed capitalization rate, applying it to different types of property? The author, a nationally-known appraiser, says the capitalization rate is the crux of the appraisal and that it should be selected carefully with consideration to term and character of lease and the purchaser's ability to finance. And he stresses that the market transaction is the only test of the validity of value

**S**UBURBAN SQUARE in Ardmore, Pennsylvania, is one of the first integrated shopping centers in this country. An analysis of its income is broken down into four different segments, each of which is capitalized at a different interest rate. There is nothing unusual about this appraisal except that it is of a type property that is somewhat exciting at this time and that it demonstrates the use of a number of capitalization rates for different types or kinds of income as against one rate.

Assuming that you are familiar with the normal techniques of analyzing income and arriving at a figure of net which can be used for capitalization purposes, I would like to mention a couple of points. In spite of the high occupancy we have had, it is my opinion that some vacancy allowance should be made, particularly in any multi-tenanted property.

Another item is that of taxes. I believe we are inclined to accept present local taxes in arriving at net income, whereas the likelihood is that local taxes will increase everywhere. With some properties, this can be disregarded because it will be taken care of by the tenant or tenants, but it should be watched closely.

In a property requiring complex management like

an office building, it begins to look to me as though that sort of expense has been pretty well stabilized. While there has been some creeping up within the last two years, there is more evidence than we have seen for certainly many, many years that the operating expenses of office buildings are pretty well stabilized and might be even decreased in some instances. This would be the case in those buildings where automatic elevators will replace manual elevators.

In considering mortgage interest rates, which I think we all must do in considering income property, they appear to be reasonably well stabilized. I doubt if those rates will fluctuate sufficiently; that any allowance should be made for changing mortgage rates.

The selection of a capitalization rate in an investment property seems to me to be the crux of the whole thing admitting, of course, competency in arriving at an estimated net income for capitalization use. The leverage here is tremendous as you know. I have seen evidences of a rather slip-shod use of rates. I have seen appraisers who seem to think there is such a thing as a fixed capitalization rate which can be applied indiscriminately to various types of investments. This is a dangerous fallacy.

We usually apply an over-all rate in perpetuity — but usually test it with an annuity process based upon an expected life. This seems more practical to most people who read appraisals.

All of us have no doubt sold investment properties. I have yet to find a buyer who approaches a real estate investment on another basis than through the application of an over-all rate in perpetuity. Whatever way you do it is all right as long as you understand what you are doing and if the value estimate is consistent in all the approaches, and if the capitali-

Mr. Barnard first presented this discussion before the 5th Annual Regional Conference of the American Institute of Real Estate Appraisers.

zation rate, however you break it down, is within the fair range of market transactions.

All of us probably have heard questions like this: What rate do you use for an apartment house? Or — what rate do you use for an office building? Any appraiser who is willing to answer a question like that is subject, I think, to censure. It is just not possible at any time to answer a question like that because every property is an individual study. There are instances where an 8 per cent or 9 per cent rate might apply to an apartment house and a 9 per cent or 10 per cent rate applies to an office building. That condition could also be reversed, and to get any rate fixed in your mind as the rate to which you can apply a particular investment, is very dangerous.

There are certain fundamentals that can be applied at all times in the selection of a rate, and these will be tied in to the general status of the nation's economy at the time. The mortgage interest rate and its stability is a more important item of influence than is the rate on government bonds, preferred stocks or common stocks. Mortgage rates are, of course, affected by these other rates, however.

The only way that I see to be reasonably sure of a justification for a selected rate is by a thorough

the possibility of a buyer for use who would pay more for the facility in use than for the investment.

Consider carefully the term and character of a lease before selecting a rate. I find that too little attention is paid in the selection of a rate to the ability of the purchaser to finance a property and the terms under which he can get financing. With the exception of life insurance companies and foundations practically every buyer of investment real estate expects to mortgage it for as much as he can get without paying excessive fees.

Let's say, for example, that you decide to use an 8 per cent rate. Upon some investigation you find that that property will mortgage only to 60% of its value on a 10-year or, at most a 15-year basis. And you also find that the interest rate required is 5%. Then it becomes obvious that you don't have a salable package on an 8% basis because the owner gets too slim a return on his investment after he pays his mortgage interest and amortization.

You may say that the amortization is building up equity all the time. That's true, but his taxes on the income become greater all the time because his interest requirement becomes less each year, giving him less tax credit. Furthermore, a purchaser in the market usually considers amortization which builds up equity to be no more than the depreciation allowance to which he is entitled. However, that is a statement for which there could be many exceptions. For instance, an exception might be an investor who wanted little or no return on his money but who is interested primarily in capital gains. If he was selecting a property which was in a growth area, he might be satisfied to take a low return and get the benefit of the increased value. He would be only charged 26% whenever he wanted to liquidate.

That leads me to another point which I think is often overlooked in estimating income property. Aside from foundations and life insurance companies, it seems to me that all investors in the market are trying to accomplish two things and one is about as important as the other. One is return, of course, and the other is capital gain some time after the required holding period.

In other words, everybody, to a more or less extent, is a speculator in addition to being an investor. Even life insurance companies are exacting terms on real estate purchases with lease-backs which will give them the advantage of whatever speculative element exists in the property at the expiration of that lease. Originally they were satisfied to give options and make terms in many respects that they are no longer willing to make. Why? Because they want to have that gravy if there is any at the end of the line instead of the tenant. So, while rates will vary, they are, in effect, all speculative rates.

The appraisal of investment property to me is a fascinating thing because it combines all of the elements of appraising and it gives you usually a reasonable opportunity to test out in the market the conclusions at which you arrive. I do not recall at any time that I have ever discussed appraising that I have not emphasized the importance of the market in our considerations. I think that as appraisers one of the things that we must avoid is the possibility that we could be called a theoretical crowd who appraise by rules and techniques of our own rather than by complete reference to the validity of the sales market. We are not technical appraisers, but we must use the techniques at our disposal to learn, to understand, and to interpret market phenomena.

# ment Property

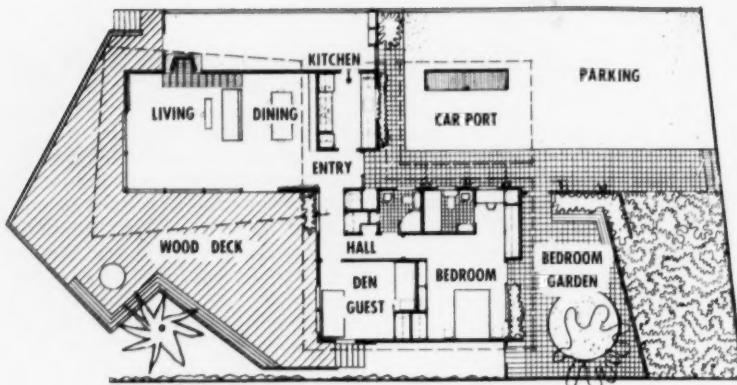
study of comparative sales in the market. It stands to reason that if incomes on apartment houses which are sold at — we'll say — an 8 per cent rate and the properties are comparable in enough ways, 8 per cent is a reasonably safe figure to use, providing allowance is made for the special considerations that are involved in your particular property. The same would apply to the study of rates on other types of property.

To arbitrarily set up a rate in your own mind without a broad and thorough knowledge of sales in the market is, in my opinion, unsound. Buyers are smarter than appraisers, and while they may not know the techniques of valuations as we do, they are the ones who tell us finally what property is worth. You, as a rule, don't tell them, although your advice may be very valuable.

The selection of a rate should be influenced by the character and length of a lease or leases. The credit of a tenant is important; the length of the lease is equally or more important. We find that a property will move at a lower capitalization rate if under a long-term lease (and by long-term I mean from 10 years up) than if leased for less than that period.

There is too much uncertainty looking ahead for the next five to 10 years. Consequently, the risk involved beyond the relatively short expiration date will cause a buyer to demand a much higher capitalization rate on that income even though the tenant may be, of course, top credit example.

On the other hand, if the lease has a relatively short time to run and it is rented at the market or below the current market rate, and is the type of property for which there is a demand, it may move in the market at a figure which is equivalent to the figure it would move at were it subject to a long-term lease. The buyer in such an instance would get the benefit not only of the possibility of income but



## Homes Our Readers Are Building

• IN CALIFORNIA

**Builder and architect combine talents to build attractive small home**

**on difficult site for \$11 per square foot**

THIS one-level home, built on a 50 foot steep hillside lot has 1,180 square feet of living area, plus a 250 square foot carport and was built for just over \$11 per square foot.

Site of the home is on a hillside facing east to a view of San Francisco Bay and the colorful city itself. To overcome the problems of hillside construction, the house is situated with the carport in the

Exterior view of home built on Sausalito hillside shows wide deck overlooking San Francisco Bay. Note extensive glass area, difficult hillside construction.

Small kitchen is fully equipped, has plenty of cupboard space. Door at rear leads to service yard.

quadrant of the prevailing wind and the living room and deck area facing directly into the view.

To protect the deck area against a wind which blows across the house, the roof of the living room was constructed so it tips up on the diagonal, deflecting the wind upward and away from the outdoor living area.

The house, exclusive of the carport, the deck and overhang, consists of a large living-dining area, a kitchen, a study-guest room, a master bedroom with its own dressing alcove and two baths.

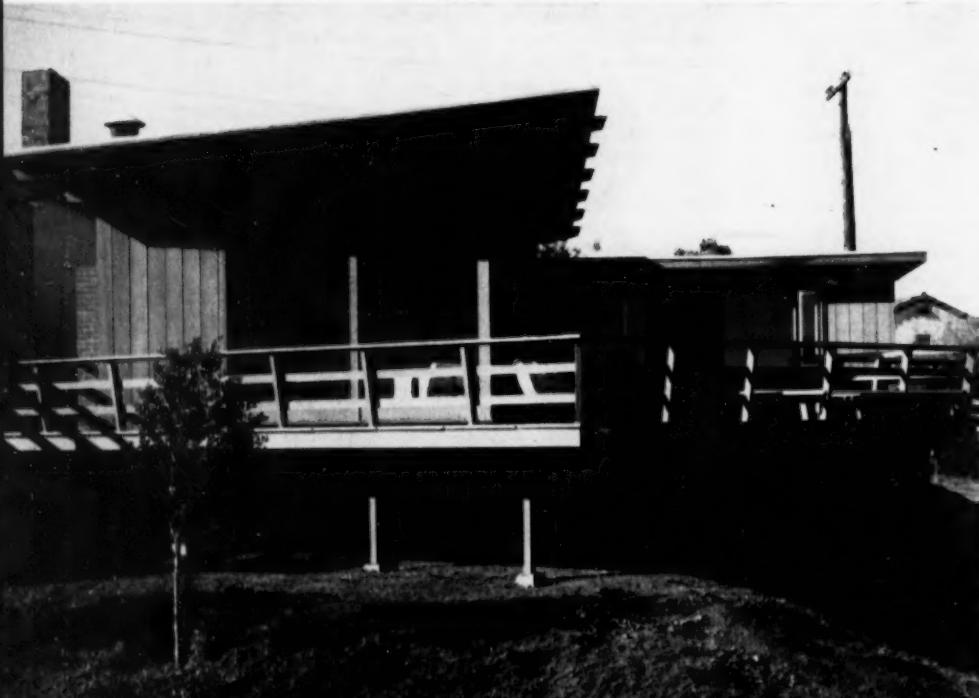
Designed for compactness and efficiency, the kitchen is a simple narrow rectangle with a door at either end. One door leads to a service yard and the other to a front entrance hall which opens into the dining area or onto the deck.

Off the left entrance hall is a small gallery with windows looking out toward the view. This gallery leads to a study, the second bathroom and the master bedroom. A dressing alcove extends from the bedroom and has built-in wardrobes, a vanity and a door to the master bedroom.

The carport has been constructed to provide four car off street parking for the automobiles of guests. A service yard on the side street provides access all around the house.

The foundation of the house is reinforced concrete and the floors are wood joists with diagonal sheathing. Exterior walls are 2 by 4 studs with redwood V-rustic with a re-sawed face, giving the appearance of the typical boards and batts.

Roofing over the living room and carport is 2 by 6 tongue and groove while the balance of the





Living room interior looks out on deck and bay across to city. Open beam construction, simply finished interior helps cut down building costs. Open-planned living-dining area gives spacious feeling, also cuts expense.



Bedroom has plenty of storage space, large window area and door opening onto deck. Small garden is barely visible in background.

house roof is wood joists and 1 by 6 sheathing. The exterior roofing is four-ply, built-up tar.

Insulation is  $\frac{3}{4}$  inch rigid over the decking of the living room with 4 inch batts in the joist roof.

In the living-dining area, wood and glass predominate. Floors are oak strip and walls are 1 by 6 tongue and groove fir boards. The ceilings are exposed beam with 2 by 6 tag boards. Walls and the

ceilings were treated with Cabot's stain wax.

In the kitchen, the floor is of Dodge vinyl cork tile, while the walls and ceilings are painted sheetrock. Stainless steel and birch were used on all of the counter tops. The countertop kitchen range has a copper hood built over it to provide venting for odors.

Bedroom and hall floors are of oak, while the walls and ceilings

are painted sheetrock. Bath floors and the wainscot are of tile, with painted sheetrock walls.

Getting 1,180 square feet of living space for \$11 a square foot is quite a trick today. George T. Rockrise, the architect, says a large part of the credit goes to builder A. G. Christensen. Rockrise believes the same thing can be done elsewhere by exercising the same care and skill.

**if your sales  
volume is high,  
shout about it!**

IF YOUR ORGANIZATION racks up an impressive sales record, should you brag about it or keep still? P. H. Sproat & Company, realtors of Decatur, Illinois, chose to shout. But their motive was not boastfulness. Sproat recognizes that sales beget more sales.

Sproat's shouting was done by way of this full-page newspaper advertisement, which has great impact because of its unusual layout. The numerals take up half the page and are nine inches high. Showing pictures of the salesmen is a popular and profitable idea, too. Here it is very well done because the pictures are large enough to show off the appearance of the salesmen to advantage.

72★

**HOMES SOLD IN 31 DAYS!**

DURING THE MONTH OF MAY BY

DECATUR'S TOP PRODUCING REAL ESTATE SELLING TEAM



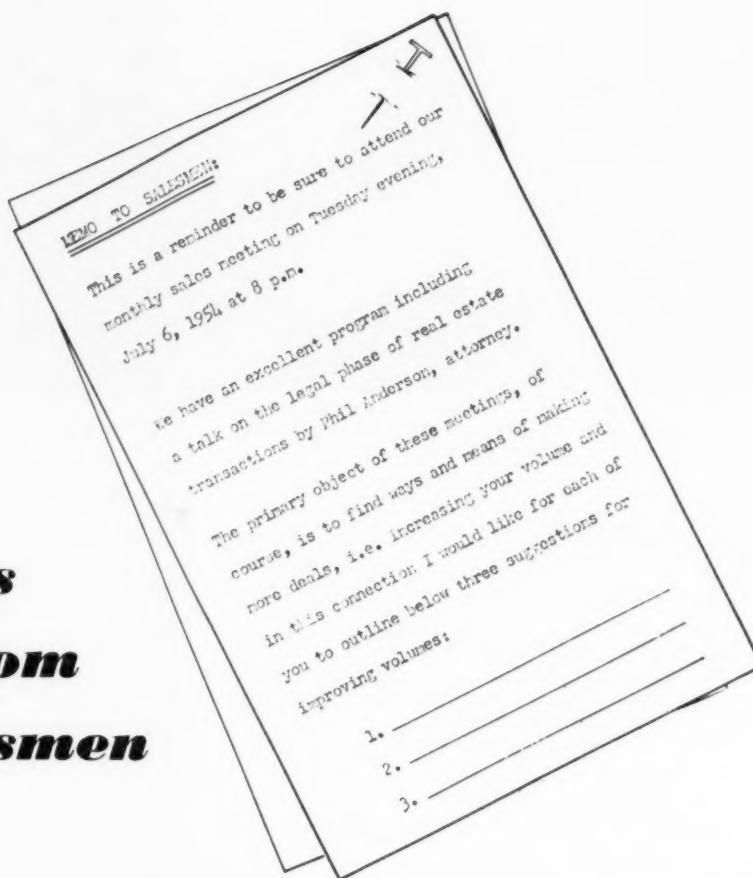
The sales record above is based on a count of CONTRACTS OF SALE and SIGNED IN MAY. It does not include those properties which are still under contract or those which were sold in the month of MAY but are currently under contract. Sales for the month of MAY total \$1,000,000.00, the top selling team comprising, when measured selling. A maximum price is not known. Refurbished to the above and others in Decatur.

**P.S.**  
*President George  
P. H. Sproat & Co.*

**P. H. SPROAT & CO.**  
118 NORTH WATER

**REALTORS... WHO SELL**

## Get Ideas From Your Salesmen



**I**FF YOU'RE looking for ways to boost sales, don't disregard the good suggestions that can come right from your own sales staff. Studstill and Hollenbeck, Inc., realtors of West Palm Beach, Florida, tried a new idea at one of their sales meetings and it got results.

A memorandum was issued to salesmen reminding them to attend the monthly sales meeting and telling them what was on the program. At the bottom of the memo a paragraph pointed out the purpose of the meetings — ways and means of making more sales — and asked for three suggestions from each salesman for increasing sales volume. Although some suggestions were general, all illustrated vital sales points.

Typical suggestions follow. Perhaps they can guide your men to more sales.

Develop a second mortgage

reservoir for border line sales.

Work on sellers for lower down-payments.

When any of us fail to find something for a prospect and give up on the case, throw the name into the pot and let anyone who can, sell him.

Closer attention to current markets in order to secure salable listings.

Salesmen should participate in more outside activities to produce more prospects.

A more open mind on matters pertaining to prices.

Make better use of your time.

Better your prospect follow-up.

Remember that you are selling not buying the property, and even though you don't like it, someone will at the right price.

Learn your prospect's desires and capability for a purchase.

Concentrate on only the best listings as to location and price.

Don't argue. Let your prospect lead you to a sale.

Don't spend your time reading in the office.

Spend more time on the street and in coffee bars.

Be smart enough to know a good listing and then you will be ready to do your part in making a sale stick.

Where there is definite interest shown in a property by a prospect and the sale price or terms might be the objection, a more determined effort should be made by the salesmen to sell the owner on possible price reduction or on terms acceptable to the prospective purchaser. It is the belief that sales are lost due to failure of at least trying to negotiate a deal through influencing the owners as to new terms.

Obtain prospects by cooperating with the contractor in showing a new house open for inspection.

# What's up Doc?

Here's a profitable promotional stunt which can benefit merchants in your shopping center.

**A**NIMATED animal characters are a lot of fun for children. And they can mean big business for a shopping center.

Last Easter, a small group of promotion-minded Kansas City Country Club Plaza merchants headed by President Bennett Schneider, put Bugs Bunny into action in their 40-acre shopping center. Crowds of families brought their children to watch the 10-foot tall, famous rabbit wave his arms, chew a carrot and wisecrack.

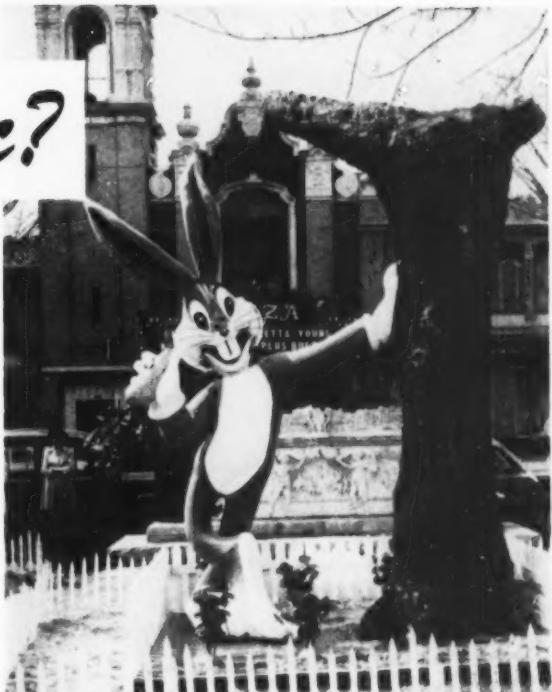
The same fame came to Rudolph, the red nosed reindeer, last Christmas. Gene Autry cut a special tape recording of Bob May's imitable story of Rudolph who was born with a bright red nose, and the giant reindeer told his story to thousands of children at the Plaza.

In financing these projects, the Plaza uses the money in its promotional budget which is collected annually from all merchants in the center. This distributes the financial burden over more than 100 shops and each shop has a part in a promotion designed to bring more business to the center.

The animated characters are made of a simple wooden framework and wire which is then covered with strips of paper in a papier mache construction. On top of this varnish and then flock is applied which is lastly coated with a fine spray in the various colors. The interior is hollow with a trap door giving access through the back to the motor that drives the mechanism. A simple gear and rod arrangement can be designed to work the models without too much expense. Mechanism in the figures usually runs about \$400 of the overall cost.

To keep the charm of the characters "live" to the kids and adults who throng to such displays, the voice mechanisms are also well hidden. In Bugs Bunny, the loud speaker was concealed in a special tree built for this purpose. With Rudolph, a pine tree background furnished a suitable and effective screen for two large amplifiers. The talking and music is all put onto a long playing half-hour disc which is played by an automatic repeat portable record player. The player is set so that pauses "between shows" occur for about 15 minutes.

The value of animated talking, singing characters is two-fold. By their action and voice they attract more people. Most of the children think they are actually alive. Secondly, they get people out of their cars and onto your shopping center streets. After they have laughed and enjoyed the free show, they



Delight of youngsters was this giant, 10-foot tall Bugs Bunny erected by the Country Club Plaza at Kansas City. Several hundred thousand people saw him during Easter season, 5,000 to 10,000 alone on weekends.

are in a good mood to shop and have lunch at a nearby restaurant.

The cost of building such figures usually runs high, but remember too they can be repeated year after year with a light touch-up and new records. About \$1,200 to \$1,500 should do the job on building and installing mechanism and record equipment. Strung out over three to four years you can see the worthwhile advantages of such a promotion.

Here are some preliminaries which a center that puts on such a promotion should do:

1. Select a site with a suitable background — or else build a backdrop that will add to the character's "imaginary" values.
- 2) Hide loud speakers either in a pine-tree backdrop, or conceal in a mock-up "tree."
- 3) Obtain a large plastic "raincoat" covering which can be thrown over animated animal in bad weather.
- 4) Build either a picket fence around your character or else set it high on a platform to discourage toddlers' tramping.
- 5) Have someone on duty to watch record in case it sticks.
- 6) Build a sturdy wooden case for long-playing record player. Set player inside on sponge rubber and have sound men adjust for repeats. Place box where small children will not tamper with it — and lock it!
- 7) Place a sign out front advising times animated character will perform.
- 8) Get newspapers, TV and radio to publicize it.
- 9) Contact schools to have special trips arranged, and give away small souvenirs or candy to students of lower grades. (Many busloads came to see Bugs Bunny perform).

# What's the Financing Outlook?

Will the supply of mortgage money hold up throughout 1954?

What are the factors to watch? What will be the attitude of investors toward purchasing FHA and GI loans on longer terms with smaller downpayments? And what can you expect to happen to prices and rates of mortgages? The author is optimistic, but he adds a word of caution.

By HENRY H. EDMISTON  
*Vice-President\**

Kansas City Life Insurance Company  
Kansas City, Missouri

**M**ORTGAGE business throughout 1954 should be good. There is a plentiful demand for new mortgage loans and an adequate supply of funds from institutional investors seeking good mortgages.

Let's look at the factors that seem likely to produce a large volume of new mortgage loans this year. The demand for new housing is still vigorous and persistent. There are millions of American families who would like better housing and many of them can afford it.

While disposable consumer income was slightly off the record high in the fourth quarter of 1953, it is still extremely high by previous standards. Tax reductions, effective at the beginning of this year, should help sustain a high volume of personal disposable income, even if we have some further decline in industrial production and employment.

A second major factor that should contribute to a strong demand for housing this year is the tremendous volume of liquid savings held by the general public, estimated to be nearly \$200 billion, as compared with \$184 billion at the end of 1951.

The birth rate continues amazingly high and since this largely reflects more children per family, many couples are finding that their new post-war homes no longer take care of their housing needs. The elimination of rent ceilings and the upward adjustment in rents that followed is also

important in bringing a large new group of buyers into the new house market.

Another significant demand factor is the sharply higher ratio of the number of households to population than was true in former years. More older couples are able to maintain separate households because of social security, pensions, and accumulated savings. The number of such people is increasing year by year and their evident desire to *follow the sun* is adding to the housing demand in these fortunate areas of the country.

Finally, increased mortgage activity should result if Congress enacts legislation permitting higher ratio loans on existing housing and easier credit for rehabilitation purposes. These changes are long overdue and should receive the support of everyone interested in mortgage financing.

My own guess is that the volume of new housing starts this year will equal or exceed the 1,050,000 for 1953. Since the size of the average house should tend to be larger and with the prospect of somewhat easier credit terms than prevailed in 1953, the volume of residential mortgages produced should be greater.

What about the supply of funds available to buy mortgage loans? Savings continue to pile up in the hands of the various institutional investors. Life insurance companies, mutual savings banks and savings and loan associations together showed a net increase of approximately \$7 billion in mortgage loans in 1953 as compared with \$6.3 billion a year before. The high volume of institutional

purchases of mortgages last year seems to me particularly significant in view of the fact it was considered a year of tight money.

These same institutions should be in the market for at least as much through 1954 if the terms and rates at which mortgages are offered appear attractive to them. The commercial banks which added about \$1 billion to their mortgage holdings last year should possibly buy more in 1954 because of their more plentiful supply of funds and lower short term money rates. I doubt if pension funds will be any factor in the mortgage market over the short run at least.

My own hunch is that institutional investors will continue to take a cautious approach in the purchase of FHA and GI loans. As far as I know, the only market for the 30-year, no downpayment loans up to date has been the FNMA and I believe that if that organization is ever permitted to go out of existence, at least so far as new loans are concerned, the market for such loans will dry up with its passage from the scene.

On balance, I think we may expect prices and rates on mortgage loans to level off about where they are today. Mortgage lenders generally will continue to insist upon some down payments on FHA and GI loans and will look with disfavor on loans where the term exceeds 25 years. I anticipate more selectivity in the purchase of loans both with respect to area, location and security as well as the responsibility of the borrower.

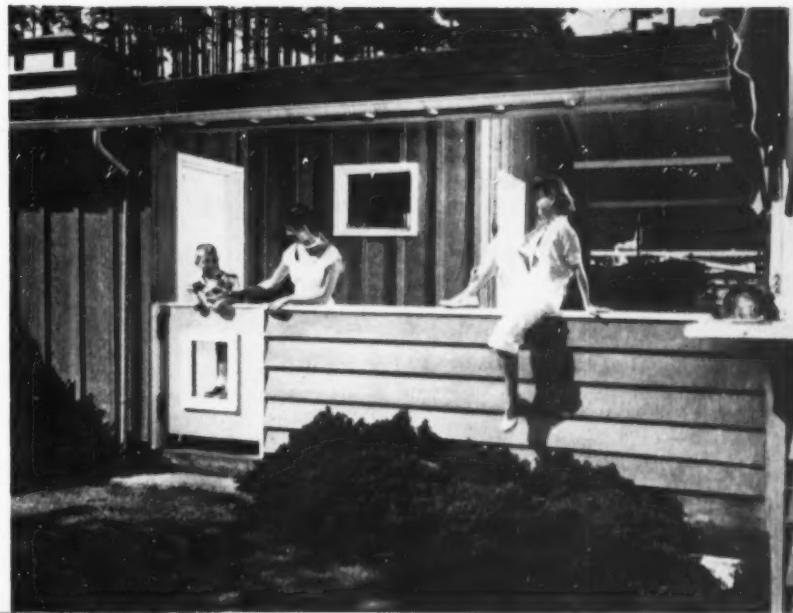
Another reason why I do not like to see longer maximum terms

(Please turn to page 38)

\*Mr. Edmiston's remarks are taken from his address at the Midwestern Mortgage Conference of the Mortgage Bankers Association.

# Ideas

for each member  
of your prospect's  
family



This sharp breezeway will win the approval of both Mr. and Mrs. Prospect, but, in the long run the children will probably appreciate it most as a protected yet outdoor play area. The low screen wall gives unity and low lines to the architecture.

When planning family rooms in your sale homes, you can get Pop in a buying mood by setting aside a corner for his hobbies. Here he has space for gun case, shelves for his own books, and cabinets below for audio equipment and other storage.

This concealed dinnerware storage cabinet should please Mrs. Prospect. It eliminates furniture, saves housework, gives more freeway in dining-living area and saves many steps. Snug-fitting doors blend invisibly into the west coast hemlock walls.



REALTORS AND BUILDERS still do not agree 100% on who makes the home buying decisions — husband or wife. One thing is sure, if you please all members of the family with your home designs and features, you're headed for a sale. Here are three ideas from a West Coast house, one each for Pop, Mom, and the kids.

## R. E. as a Profession

(Continued from page 28)

so made by realty executives.

Long training periods are not required for entering real estate. One may get into it by selling vacant land or new or old homes. Of course, it helps to first get as much education and training as possible. But, in selling "beginner" property the parent company can provide enough listings and prospects at the start and give the neophyte salesman enough help to enable him to close deals. Then, as time goes on the salesman learns more and gets more experience, and his income should increase proportionally.

Homes are in demand throughout the year. There are always some sales being made every week and every month. Of course, transfers are greater in good times than bad, but a large sales field is always open for the alert, aggressive and informed salesman in homes, apartments, businesses and other types of property.

Salesmen are their own bosses. While certain office attendance and supervision is required, the salesman essentially operates his own business. No one is constantly telling him what to do. He can work long hours if he wants. He handles his own listings, prospects and affairs although his company is always willing to help and advise him. Being on his own develops his qualities of salesmanship, initiative and decision-making.

Opportunities for service and leadership are wide. A salesman should join as many clubs and organizations as he can where he can take an active part. He should also have a church affiliation.

More important, salesmen should take *leading* parts in these organizations. The matters of new schools, civic improvements, parks, playgrounds, street paving, sewers, street widening, opening of new streets, transportation systems, zoning, new assessments, taxes are constantly coming up. No one is in a better position to discuss such measures as the informed real estate man. Such men are in every civic organization and club of any size. They are on city planning and zoning boards and councils. Many become mayors. All these matters affect real estate and afford abundant opportunity for service.

In time, through knowledge and

experience, the successful real estate broker becomes an expert in his specialty. He is so recognized and his advice is sought. Every man wants to be highly regarded in his profession, and real estate is no exception.

Age is no great obstacle. A salesman should be old enough to get favorable attention. This generally means one in his twenties. Energy and enthusiasm of youth help make up for the wisdom and experience of older men. My own best earning years were my last five, from 65 to 70, and I know many "old" brokers who have kept a high earning capacity as long as they had health, ability and desire to work.

## Financing Outlook

(Continued from page 36)

written into the law is that the administrative agencies tend to use their authority to make the maximum the prevailing terms. We all know most borrowers are inclined to follow the line of least resistance and take the longest term loan available, even when it may not be in their own best interest. When 30- or 40-year terms are publicized the public will tend to expect these terms when they come to the mortgage banker or financial institution.

I believe that the mortgage market is well-organized and able to stand on its own feet without being propped up by new government supports. I am hopeful that we will take our time before embarking upon a radical new housing program that will introduce a greater degree of government intervention and regulation.

At this state I believe that the new housing legislation should be largely confined to minor changes designed to bring our present laws up to date, eliminate inequities, generally simplify administrative procedures and introduce some what greater flexibility of action. With such a background I believe we can rely upon the cooperative efforts of government, builders, realtors, mortgage bankers, and institutional investors operating in a free market to work out a satisfactory solution to most of our housing problems.

## Management Department

(Continued from page 24)

perience necessary for setting up a management department.

Profit is not your only benefit from managing property; there

are important by products of sales, lease and maintenance commissions.

For example, in a case recently examined by the writer we found that in the management of business properties, hotels, apartments and homes where a management income was \$114,355 the expense side of the ledger showed salaries, advertising, department overhead and general overhead expense of \$126,400. You can see in this case that expenses were 110% of the income.

It is further interesting to note that taking into account such other sources of income as lease commissions, (net after paying salesmen) maintenance commissions earned by the management department and other miscellaneous income such as surveys, this additional revenue totalled \$55,800. As was just mentioned, the expenses for management were greater than the income to the extent of \$12,045. Thus, after deducting this deficit from the additional income the net amount earned by the department was \$43,755. This profit actually came from the lease and maintainance commissions, and miscellaneous income.

This is quite important, because some realtors take management business without charging lease or maintenance commissions, and the more management business they write the more money they may be losing in the management department. They may also lose owners when they are unable to afford manpower for leasing to reduce vacancies.

Take a look at the sales opportunities. Even if a management department breaks even it will supply exclusive sales listings which might not otherwise have been had. This is undoubtedly why the average real estate organization engages in management plus the reason that property management helps stabilize the business.

## ASSOCIATE EDITOR WANTED

Opportunity for young man with writing experience and sales ability on national business publication. Position includes writing, editing and advertising space sales. Knowledge of real estate helpful. Relocation in medium-sized mid-western city required. For consideration write "tell all" letter to Box 911, National Real Estate and Building Journal, Cedar Rapids, Iowa.

## GET ACQUAINTED



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Most Active  
Real Estate Offices In



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Or When Ever  
You May Want To



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C. Dave Peterson

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333 West Foothill Blvd., Monrovia  
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Elliott R. East

Elliott R. East

## Ads Worth Studying

HERE'S ONE WAY to introduce your organization to everyone in town — a large display ad in your local newspaper with names and pictures of your entire sales staff.

Such an ad was successful for Ray Herold of Monrovia, California. New customers made such remarks as, "I've never been here, but when I saw all the pictures in the paper, I decided to come in and get acquainted. I rarely read ads, but yours caught my eye."

Regular customers said, "Sure got a kick out of that ad! Say, you're really much better looking than your picture."

Such unusual advertising is successful for several reasons. First, it's unique (if it isn't in your area, don't use it) and it stands out. Second, it's friendly and personal. And third, it has little reading matter and can be quickly absorbed.

You may want to try something like it.



## NOT THIS — BUT THIS!

### WITH THE AMAZING NEW **KEY LOKBOX**

#### MOST USEFUL AND TIME SAVING DEVICE EVER OFFERED

Permits 50% more time for actual Selling, Showing and Listing

- Only one key needed to every listing in any co-operative group whether there be 10 or 10,000.
- Eliminates going after and returning key to listing office.
- Eliminates duplicate keys and key boards.

Ideal for all Sales, Rentals, Property Management, Builders, Sub-dividers, Architects, etc.

Perfect for any listing whether Furnished, Occupied, or Vacant.



PATENT PENDING

#### MOORLEE DISPLAY ADVERTISING

Beverly Hills, Calif.

## CASH OR LONG TERM LEASE FOR HOTEL PROPERTIES!

Why not lease or sell your hotel to the world's largest hotel chain operating from

## COAST TO COAST

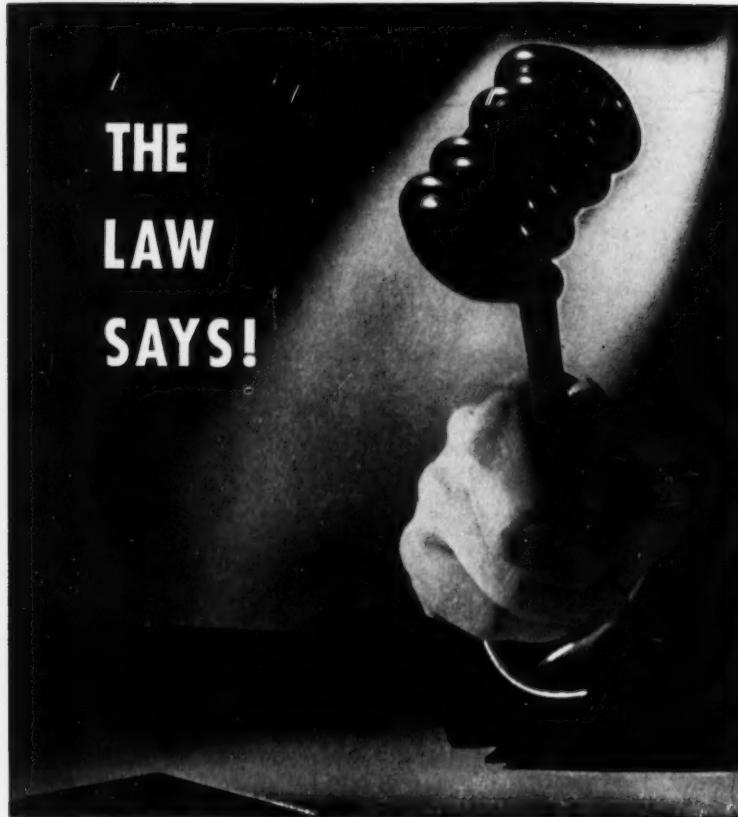
Our representatives will be glad to call on you and discuss your terms

For satisfactory arrangements, utmost dependability and outstanding security —

**WRITE or CALL COLLECT, H. J. DALDIN,  
REAL ESTATE DEPARTMENT, 3500 BOOK  
TOWER BUILDING, DETROIT 26, MICHIGAN  
'PHONE WOODWARD 2-5400**

By GEORGE F. ANDERSON

## THE LAW SAYS!



It pays to have a form book containing copies of all documents used through the years. Real estate property advertised by a trustee in bankruptcy can be sold free and clear of all liens and incumbrances. Here our legal expert tells you the reasons why.

IN 1920 I filed a partition suit. I prepared the affidavit of non-residence, the affidavit of unknown owners, the bill and the decree with the greatest of care. I put copies of all these documents in a form book, and I followed them hundreds of times during my practice of law.

Each time that I used it I said to myself, "It was a smart thing I did when I started the book." I added to it from time to time and in the course of years there was not a form that I needed that was not in the book.

You may say, "What's the use of going to all that trouble when you can buy a book that has all the forms in it?" There's all the difference in the world. It is like the pie that mother used to make, compared with that purchased in a bakery. I never needed to dictate one of these forms. My stenographer followed the form book. Of course there isn't every stenographer who could do that, but

one of the secrets of successful practise of law is to have a good stenographer.

The above thought was in my mind a long time before I put it down, because it seemed trite, but judging by the number of cases involving affidavits of non-residence and unknown owners in the reports, lawyers are not as careful about the matter as they ought to be.

In the case of *Anderson vs. Anderson*, 229 Ill. 538, the lawyer evidently used his head and not a form, if it is possible to use your head without following a form. The essential difference between the form prescribed by the statute and the language used by him was that he used the word "whereabouts" instead of the word "residence."

The court said: "The affidavit is required as to his residence, and not as to his personal presence. Although he had moved to parts unknown to complainant and com-

plainant was unable to ascertain his present whereabouts when he made the affidavit, it might well be consistent with the truth of this affidavit that the defendant could be readily found and served with process."

WHEN I was a young lawyer a client came into my office with a circular published by a trustee in bankruptcy advertising the sale of some real estate.

The circular stated that the property would be sold free and clear of all liens and incumbrances. My client owned the first mortgage on the property and he wanted to know if they could do that.

I told him absolutely not. That it would violate the Constitution of the United States.

I was mistaken and there was nothing to do but admit it.

If I had not made such a positive statement, I could have hedged, but there was no out. After a lawyer has had a few experiences like that he gets so cautious that he never gives a positive answer.

In the case of *Rohrer vs. Death-erage*, 336 Ill. 450, the court said:

"The United States district court sitting as a court of chancery has, under the general equity powers conferred upon it by the Bankruptcy Act, authority to order a sale by the receiver or trustee of the bankrupt property free from all liens and incumbrances . . . The rights of such court to bring before it parties having or asserting claims to or liens upon such property, to order the sale of such property free of liens, and the application of proceeds of such sale to the satisfaction of liens on the property found to exist, are incidents of the power of the court to administer the bankrupt's estate."

The Federal court had the power to decree the sale either with or without the consent of the lienholders, and it must be presumed that its judgement in rendering the decree was properly exercised."

It is convenient to remember that a Bankruptcy Court should not order sale free and clear of liens if amount of sale is not sufficient to pay liens on property. *Federal Land Bank vs. Kurtz*, 70 Fed. (2nd) 46. In re *Franklin Brewing Co.*, 249 Fed. 333.

## Is Small-Equity Home Buying Bad?

(Continued from page 23)

of the fence. Homer Bastian appears to be opposed to no equity, says a "minimum of 5% down should be enforced on FHA and VA loans and should be a part of the law." He thinks the 30-year term is "all right as it makes payments comfortable for the borrower and in line with rent he'd have to pay for living quarters." Bastian says he definitely believes home ownership should be encouraged.

Joe Haverstick is convinced some buyers are buying houses with no downpayment when they could afford something down. "I am certain this does not lend itself to good sound economic conditions. I am sure an equity in a property makes buyers more responsible and better owners."

Maurice Read thinks no equity, on a long-term, mass market basis, is bad. "A slight economic setback, or decline in building costs, will eliminate any incentive on the part of these buyers to continue their loan payments. This would throw thousands of houses into foreclosure which could start a downward spiral similar to the 30's. The only way this can be avoided is more and more inflation which is equally bad."

Depends on the viewpoint of the buyer, says William Marcus. "No equity encourages the individual to look upon his residence more as a rental unit than as an owned one. It costs the purchaser more in interest over the life of the loan to have no equity. Thus, I believe the 'nothing down' plan is bad for the

individual himself as well as for the long range economy.

"From the national economic standpoint, the worst feature is the threat of inflation. Witness the years 1946-47 when 'nothing down' financing was available. We had invited speculation with its manifold ills and all of us suffered."

Warren Stringer and George Miller both agree it is bad.

Miller says it's "bad now and will be especially bad over a long range. Seems to me it would create the same situation rental houses did during World War II, and I know from experience that people just don't appreciate something for 'nothing' and do not give it the same care as if ownership were made more difficult."

### Do You Want To:

- **Sell or lease commercial-industrial property?**
- **Find buyers for hard-to-sell residential properties?**
- **Locate capital for real estate investments?**
- **Sell farms, ranches, groves or resort properties?**

Then the classified section of National Real Estate and Building Journal is your best bet.

*Write today for nominal rates:*

**NATIONAL REAL ESTATE AND BUILDING JOURNAL**  
427 Sixth Avenue S.E., Cedar Rapids, Iowa

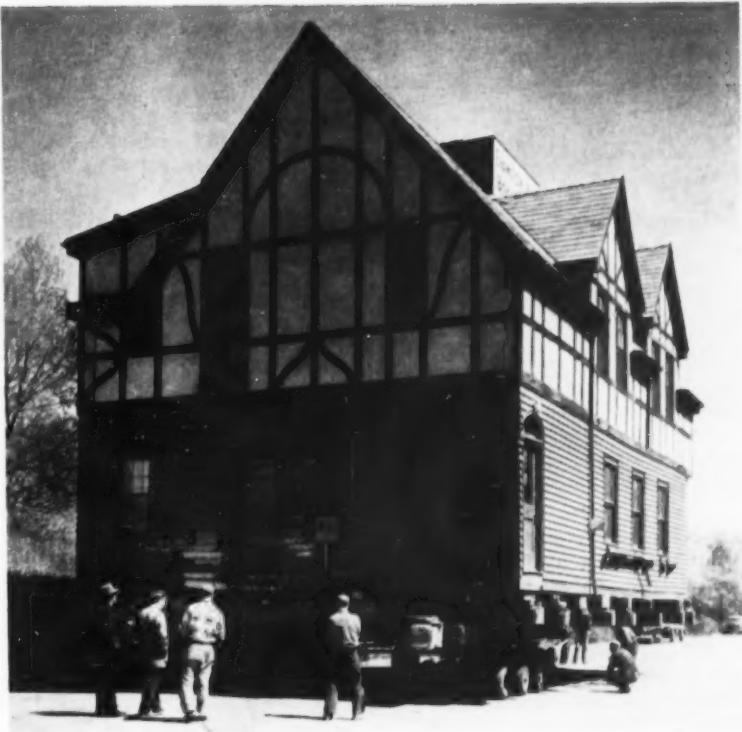
## Moving Day for a Real Estate Board

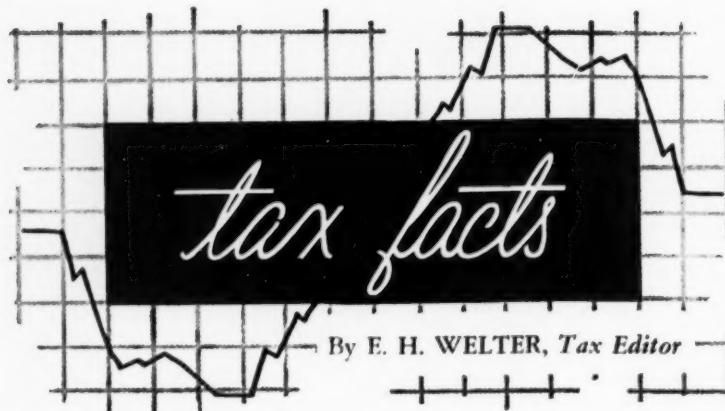
HERE'S one way to change your office location. Just pick it up and move it to the spot you want.

That's how the Evanston-North Shore Board of Realtors moved its office from 2738 Green Bay Road to a location 18 blocks away. All the furniture, except that needed by the staff in temporary quarters, was left in the building right down to the telephones sitting on the desks.

The building was moved because the block in which it was located had been purchased for a super market chain food store. An investor purchased the building, moved it, and gave the Board a five year lease.

A special problem was posed because each floor has a concrete vault-safe, each estimated to weigh 40 tons apiece. These vaults are located in the right foreground corner of the building in the accompanying photograph. Extra dollies were needed under this corner.





IF YOU SELL AN OLD RESIDENCE and buy another under Sec. 112 (n) (1), (where the gain on sale of the old residence is not recognized if the new residence is purchased within one year) you may be required — for income tax purposes — to know the date of sale or purchase. The Tax Court ruled in *Carrie C. Cunningham v. Comm.*, that the property is sold the date the contract of sale is executed.

DOES THE WIFE OF A HUSBAND-WIFE PARTNERSHIP have to pay self-employment tax? Revenue Ruling 54-75 recites that where a wife is a member of such a partnership, recognized as such by the government for Federal Income Tax purposes, she is subject to this form of tax if her net earnings are \$400.00 or more.

LOSSES ON SALES TO CONTROLLED CORPORATIONS, are not deductible by taxpayer when he owns more than 50% of the stock, under Section 24 (b) IRC, but under (Kaplan, T.C.) the Tax Court decided that this rule did not apply when the taxpayer had effective control of a non-stock charitable corporation, but he did not have "control" within the meaning of Section 24 (b) IRC because there is no stock. The loss on such a sale to a charitable corporation is deductible.

INCREASED DEPRECIATION benefits are available to taxpayers who construct new properties or buy properties which have never been depreciated prior to January 1, 1954. Depreciation allowances may be computed on the declining balance method at double the straight-line rate. For example, a

depreciable asset which was acquired new after January 1, 1954 at a cost of \$10,000, and which normally would be written off over a ten year period, can be depreciated at 20% the first year and 20% of the declining balance each year thereafter until it is depreciated to its salvage value. However, the code should be studied carefully because there are restrictions in its application to assets generally.

YOU MUST BE ENGAGED in the business of renting properties to take a loss on the sale of such properties. The holding of a single piece of rental property does not qualify you for such a classification. The Connecticut District Court ruled this way in the case, *Grier v. Comm.*, the loss resulting from the sale of a singly owned unit was classified as a capital loss and limited to the restrictions of such a loss.

A COMMISSION AGREEMENT between a retired insurance agent and his employer, provides the agent receive his commissions in periodic fixed amounts, rather than as they accrue. The Seventh Circuit in the case of *Oates v. Comm.* approved this agreement. The Government has not taken this case to the Supreme Court yet, but may do so before its privilege expires.

INVESTMENT REAL ESTATE held by a real estate dealer. There is a new provision in the Revenue Code of 1954 which allows a real estate dealer to separate his holdings between investments and property held for sales in his trade or business operations. To be entitled to such

benefits, the dealer must earmark property for investment within 30 days of acquisition or 90 days after enactment of the new law. The dealer must have made no substantial improvements to the property and it must have been held for a period of at least five years. The new law should be studied carefully for advantages and restrictions before earmarking property.

THE CONTROLLERS INSTITUTE and leaseback financing. This institute recently distributed the results of a study made of the benefits and disadvantages of leaseback financing, including Federal Tax considerations. It is reprinted in the September, 1953, issue of "The Controller." There are some very interesting factors discussed in this article. It will be of interest to anyone concerned with handling such a transaction.

HERE IS AN INTERESTING partnership angle. A taxpayer borrowed money from his mother to carry on a partnership venture with others. She was to get 40% of his net profits for the use of the money. The loan was payable upon liquidation or termination of the partnership. The Tax Court (De Reitzes-Marienwert, T.C.) said the payment by the taxpayer to his mother could be handled as deductible interest or a division of his partnership profits with his mother in the ratio agreed upon.

WHEN TO CAPITALIZE and when to expense building repairs or improvements in many cases presents a keen sense of judgment as to the effect such expenditures have on the property. The Tax Court (Hotel Sulgrave Inc., v. Comm.) has ruled that an automatic sprinkler system installed in a hotel building by order of a municipal authority, even though it does not increase the useful life of the structure, is a capital addition. The cost of installation, being in excess of the cost of a similar system installed in a new building, had no bearing on the matter.

MORTGAGES WHICH ARE not assumed by a property owner, are part of the property's cost basis. (Fortee Properties, Inc., CA-2). Taxpayer corporation owned property subject to two mortgages which it never assumed. On con-

demise of the property, the proceeds were distributed part to the mortgagee to satisfy his claims, and a part to the property owner. The owner reinvested his share under Section 112 (f) in similar property. The Commissioner determined that the proceeds paid to the mortgagee, and not reinvested in similar property, was gain on involuntary conversion to the taxpayer corporation. Tax Court reversed the Commissioner but the Court of Appeals, Second Circuit, reversed the Tax Court.

PROCRASTINATION AND lack of planning promotes post-mortem work for tax accountants and the tax courts. The ability to analyze the cause of a failure can be applied to constructive planning with greater profits and satisfaction. New ventures, reorganizations, an expansion of your present business should all be scrutinized for tax effects. We might include proposed liquidations, "split-ups" and last, but not least, the effect of the death of a very important key man to his business and its future. Back to accounting, a financial statement is important but an accurate statement of earnings and expenses at frequent intervals is a necessity.

ON THE OTHER HAND (REGENSTEIN, DC, Ga.) the District Court ruled that expenses to reinforce sagging floors with steel columns and crossbeams were deductible repairs, since the building was merely restored to its prior condition without extending its useful life.

ADVERTISING EXPENSE may be accrued only as service is rendered and a liability is incurred. An accrual basis taxpayer cannot accrue for tax purposes, the entire amount of an advertising service contract in the year when the contract is entered into, unless full services have been rendered under this contract. The taxpayer becomes liable as the service is rendered and accruals can be provided on that basis. (Levin, TC).

ELECTION OF INSTALLMENT basis for reporting gain on sale of real property must be made at the time the original return is filed. The taxpayer cannot change to that method by an amended return. (Coffin, DC Ala.).

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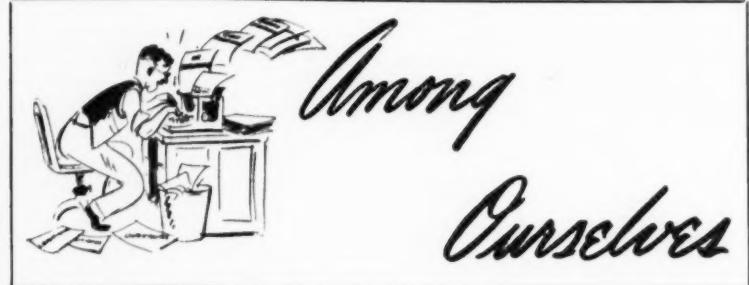
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**From Los Angeles comes the fantastic tale of Ruth Rucker Smith,** top saleswoman for the George Elkins Real Estate Company. Mrs. Smith dialed three wrong numbers in a row, finally broke in on a conversation between two ladies. Impatiently she said, "I'm afraid I've got the wrong number, but are either of you the Mrs. Johnson who called me about buying a house?" They both said, "no," but one asked what kind of house she was selling. Mrs. Smith described a large house with 3½ bathrooms. The lady was delighted. "That's just what we've been looking for," she said, "We'll take it."

**You might consider this enough of a windfall for a wrong number** — but the second lady on the line asked if Mrs. Smith had a 3-bedroom house in the same neighborhood. Sure enough, Mrs. Smith had just the house. Result: a second sale. At this point the story becomes utterly unbelievable. — The first lady asked Mrs. Smith how many houses she had to sell and Mrs. Smith told her she had hundreds, some not yet completed. "I'm so glad," said the first lady, "because my daughter is about to be married and is looking for a house."

**"Could you save four houses in the same block for all of us?"** asked the second lady. "My daughter is getting married too!" Four houses changed hands the next day. All concerned were happy. Is there a moral? Well, as Mrs. Smith says, "Don't be impatient when you get the wrong number. It might be the right one!"

**One of the nation's top-ranking adoption placement organizations** now has a realtor as president. Charles N. Schragger of Trenton, New Jersey, was elected last month to head the 60-year-old Children's Home Society of New Jersey. Schragger is the society's tenth president. Over the past twelve years the society has found new parents for approximately 1000 "unwanted" tots without a single case of a child being returned to the adoption agency.

**"We can't get \$50,000 for your dog," reads a sign in the office** window of Barney Treacy, Lexington, Kentucky realtor, "but we can trade it for two \$25,000 cats." Mr. Treacy reports that the good humor evident in the sign causes much favorable comment and brings many a visitor into the office with a smile on his face.

**Delinquency in mortgage loan payments over the country continues** at an amazingly low rate — even lower than last fall. FHA mortgage loans with payments two months past due are only .34 of one percent and 608 loans (those on large rental apartment projects) are only .24 of one percent delinquent. Among other things, the data reflects the excellent payment record being maintained by veterans in keeping up their mortgages.

**A New Jersey builder came upon an example of honesty recently** when he received three ten-dollar bills in a plain envelope with a note explaining that the money was payment for lumber the writer had stolen some time ago. The note said the total lumber stolen was probably not worth all of thirty dollars, but he wanted to fully atone for his thievery.

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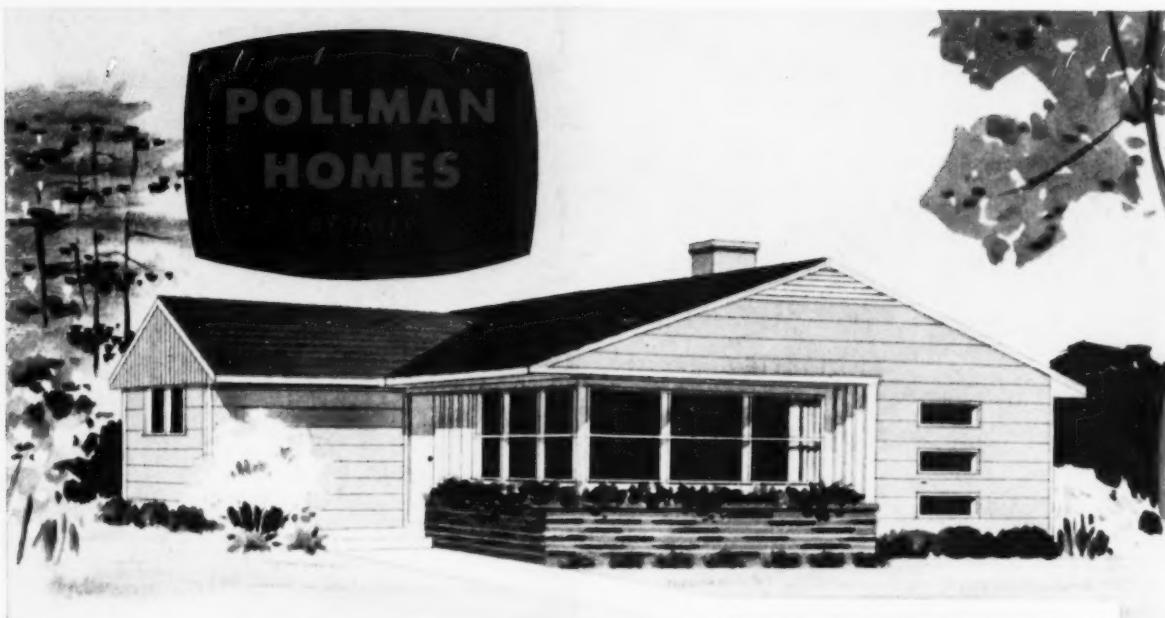
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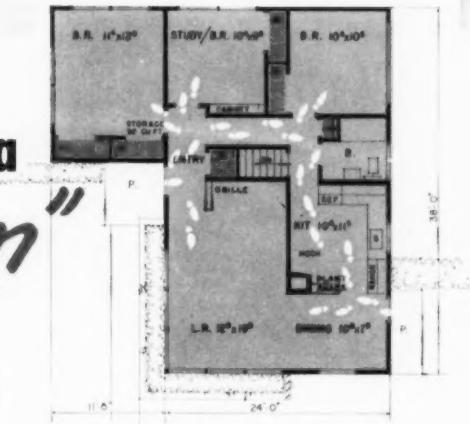
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